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# USSR Report

ECONOMIC AFFAIRS

No. 1042

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## ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

### ZURICH PAPER REVIEWS ANDROPOV'S ECONOMIC PROGRAM

Zurich NEUE ZUERCHER ZEITUNG in German 25 Dec 82 pp 13-14

[Article by Dr Hans-Hermann Hoehmann, Cologne: "Andropov's Economic Program; a Cautious Reorientation Course"]

[Text] The 22 November CPSU Central Committee plenum and the subsequent session of the USSR Supreme Soviet on 23-25 November provided additional information on the focal points and trends of future Soviet economic policy under Andropov. The most important documents are the speeches published in the press of the new general secretary to the Central Committee plenum and of the Soviet planning chief, Nikolay K. Baibakov, to the Supreme Soviet (PRAVDA of 22 and 24 November 1982). Both documents underscore the systematic and structural continuity of Soviet economic policy but show a number of new economic-policy features that had to be expected in part because of Andropov's assumption of power and because of the adjustment forced as a result of the critical development of the economy. What old and new trends characterize future Soviet economic policy?

#### List of Shortcomings

Andropov's own style of economic policy is, of course, vague at this time. "It goes without saying," the new Kremlin chief admitted, that he had no ready prescriptions to solve the "burning economic tasks." This sounds cautious and circumspect. However, the question arises: Why "it goes without saying"? The problems to be solved are by no means new. Their solution has been pondered for at least 20 years and the new party chief, as a member of the supreme party body for almost 10 years, has participated in the discussion of the problems. On the other hand, the understanding that something has to happen is obvious. The shortcomings summarized by Andropov in a matter-of-fact listing are too serious:

During the first 2 years of the 11th Five-Year Plan (1981-1985) significant sectors were not fulfilled.

Economic development continues to be characterized by considerable inefficiency (too low productivity increases, chronic weakness as regards innovations, too high energy, material, and labor input).

Bureaucratic rigidity prevents comprehensive economic progress (Andropov characterized some of its facets with terms such as "law of inertia," "doing things the way they have always been done," "narrow departmental thinking and parochial politics" and "there is a lack of initiative").

Violations of "party, state, and labor discipline" persistently disturb the economic process (the struggle must be "resolutely" carried on against these violations).

#### Making an Idea out of "Muddling Through"

What Andropov in part emphatically demands and in part proposes in outline form in fact is no elaborate, consistent, and "all inclusive" program. At any rate, beginnings are discernible which can be characterized as "making an idea out of muddling through." Four areas of possible economic policy development emerge:

Economic policy in the narrow sense, i.e. decisions on rate and proportions of growth of the economy (output structure) and on development and allocation of production factors (input structure);

Policy on the economic order, i.e. decisions on the development of economic policy instruments, on the reform question, on the future of the legal and illegal private economy;

Political-moral support of the economic process, i.e. influencing work motivation, work discipline, and the "communist attitude toward work";

Foreign economic policy, i.e. the decisions on CEMA integration, East-West relations, USSR relations with the Third World.

#### Reduced Level of Aspirations

In the sphere of the economic policy in the narrow sense, there emerges a "consolidation on a reduced level of aspirations" as well as a shift within the utilization or input structure. The 1983 plan quotas are directed toward accelerating economic growth over the bad years of 1981 and 1982, but in view of the 11th Five-Year Plan (with exceptions) they mean a significant downward correction of the plan quotas. The economic development is to take into account consumer needs, the food program will be continued (for the time being?), but the "defense requirements" are also to be taken into account.

Andropov intends to overcome the emerging conflict of economic policy goals in part by having more consumer goods produced in heavy

and defense industry enterprises--an old, but thus far not very successful idea. A further possibility would be importing of consumer goods, which could be managed from a foreign exchange point of view because of the existing favorable balance-of-payments situation. The future of the food program is unresolved over the longer term. For the time being, the program has been confirmed by Andropov and Baibakov--but it could turn out that the scarcer Soviet investment funds could be better used in other sectors of the Soviet economy than in agriculture. Certainly the future of the food program also will depend on the development of the international economic relations and the foreign policy situation. A comprehensive delivery guarantee of U.S. grain--perhaps in the form of a new extended term contract--would make likely as least a partial reduction of the agricultural investment program.

On the utilization side of the 1983 investment, growth is said to be considerable above the 11th Five-Year Plan estimates. In the following years, too, the more rapid capital formation compared to the medium-term plan is likely to continue. Behind this development there obviously lies the realization that above all the bottlenecks that have developed very recently cannot be overcome without stepping up capital formation again. A more rapid growth is desired (first of all?) for investments for the "agro-industrial complex."

#### Insufficient Depth of Reform

As regards economic policy, a new beginning of a reform organization of the economic administration aimed at [greater] efficiency and streamlining, a further attempt at "administrative streamlining" is to be expected. Apparently this new beginning is to include more "independence for the associations and enterprises, the agricultural collectives and state farms." Thus Andropov takes up similar statements by Brezhnev at the 26th CPSU Congress. Such a reform is to be based on experiments and "experiences of the fraternal countries."

Reform planning is indeed urgently needed: Control of state planning continues to decline; the enterprises are not always using their considerable degree of de facto decentralization for the benefit of the economy; the existing "economic levers" for intraplant and industrywide increases in performance are inadequate; the legal, semilegal, and illegal "second economy" is spreading. A possible guideline for a future reform policy would be the attempt to recapture de facto decentralization and the "second economy" within the socialist system through regulated and controlled decentralizations and through partial expansion of private economy elements, to make the second economy so-to-speak a part of the first economy and to seek also in the official sector new "economic levers" for individual and collective increases in efficiency.

First of all, there are no indications whatsoever of more than one course using new nuances of "perfecting the economic mechanism." There is no persistent support for a wide market socialist reform either from party circles or from the economic administration or from economics. But even the half-reforms under the slogan of "perfecting" have their disadvantages. One problem is the fact that thus far no model has been found that would have linked administrative planning and independence of the enterprises in a stable and functional management. Soviet reformers thus far have always underestimated the necessity for adequate reform depth and consistency, the dysfunctional secondary effects of half-reforms as well as the required support of reforms through a reduction of plan goals. But from all past experience, reforms under pressure have a tendency to paralyze themselves.

#### Political- oral Support

However, Andropov apparently sees another necessary support and his attention will undoubtedly be directed toward this facet: political-moral support of the economic process. To function every economic system needs a degree of economic morality, particularly during periods of crisis. Economic morality in the USSR leaves much to be desired and it is understandable that Andropov tries to do something about it. When the economic practice rewards anti-system behavior, then the moral and material incentives to behave in conformance with the system atrophy.

In the Soviet economy there is a great deal of coming to terms with the economic conditions to one's own advantage and at the expense of the public. Therefore, Andropov's demand is understandable: "Responsibility for safeguarding overall state interests, the interests of all the people, must be strengthened." But it remains to be seen whether the coming stronger emphasis on discipline and repression will support reform policy or will lead to a persistent course of greater general repression in domestic policy.

#### Foreign Economic Policy

Foreign economic policy has always been one of the sectors on which the statements of Soviet leaders have been particularly vague. This is linked to the difficult-to-predict relationship between the domestic economy and the foreign trade of the USSR, the complexity of world market developments and the effects of frequently unstable general foreign policy situations. Here, Andropov is not precise either. (Of course) CEMA integration is to be expanded. There are hopes for "collaboration with West European countries" ("Wherever there is good will on both sides, the differences in the social system must not be an obstacle and they are no obstacle"). Soviet readiness to negotiate with the United States is emphasized. In 1983 the economic relations with the Western industrial countries are to grow more rapidly than provided for in the 11th Five-Year Plan.

Overall content and tone of Andropov's speech as well as Baibakov's statements on foreign trade with the West, on its pace and its functions (procurement of machinery and equipment, industrial primary products and consumer goods) point to an orientation of cooperation rather than self-sufficiency of future Soviet foreign trade policy. If such a foreign trade policy were to prevail, the latitude available to the East European countries vis-a-vis the West would grow. At the same time, this could improve the opportunities for reforms in these countries in which the USSR--under firm political conditions--must be interested for the purpose of easing the strain on its own resources. Western foreign and foreign trade policy will have to review its options to determine the role it can and will play in such a process.

12356

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## ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

### SWISS PAPER ON PROSPECTS FOR REDUCED SOVIET ECONOMIC GROWTH

Zurich NEUE ZUERCHER ZEITUNG in German 25 Jan 83 p 4

[Article by H.K.: "Reduced Growth of the Soviet Economy"]

[Text] Moscow, 23 January--The detailed figures on the results of the Soviet 1982 Economic Year published by the Statistical Central Office in Moscow over the weekend confirm that only some sectors succeeded in improving on the 1981 catastrophic results while the indicators of the overall development continue to decline. The gaps between the annual plan quotas and the actual results are greater than in 1981, thus once again drastically emphasizing the unrealistic growth strategy of the current five-year planning. As expected, the grain harvest yield once again is low; however, according to Western estimates and based on Soviet intimations, it must be better than in 1981. But the slight upturn which has also affected other agricultural sectors appears to have occurred from a lower level (thus far the 1981 result has also been withheld) than previously assumed and the stagnation since the 1978 record harvest does not appear to have been overcome. The slowing down of industrial growth since the end of the 1970's was further accentuated in 1982.

#### Increase in Agricultural Production

The lacking information on the extent of the grain harvest was "compensated for" by the standard phrase: "The grain stocks ensure full consumer supply with bread and bread products." Any other statement would have been a surprise. And the second important sentence reads: "There has been a considerable increase in the grain harvest compared to 1981." The latest estimates of the U.S. Department of Agriculture mention a 1982 volume of 180 million tons while the 1981 result was reduced to 160 million tons. Other Western calculations provide similar data, while the somewhat vague statements by Agriculture Minister Mesyats during a visit to Canada last fall appeared to hint at figures of 149 million tons (1981) and 176 million tons (1982). Whatever the case may be, the justified assumption that the past years had been considerable failures and had heightened the endemic agricultural crisis will hardly be off the mark. Under these

circumstances, the demand for imports will remain unchanged at a high level although it is likely to be below the record 46 million tons for the 1981/1982 period. Over the long pull, too, the Moscow economic planners obviously expect to ensure satisfaction of the growing demand by large imports.

However, medium-term planning continues to be based on the unrealistic bases set down in the five-year plan providing for annual production of 238-243 million tons of grain. For the other agricultural sectors, 1981 was a particularly bad year and total agricultural production registered a 2 percent decline. On this basis, the 1982 improvement by 4 percent compensates for the losses suffered and constitutes a return to the 1979/1980 level. At any rate, this is the first time that total production actually increased following 3 years of nothing but reverses. It remains to be seen whether this constitutes a trend reversal. It was possible to increase the sugar beet harvest to 71 (1981: 60.6) million tons and the sunflower seed production to 5.3 (1981: 4.6) million tons. Growth rates could also be recorded for potatoes, vegetables, and fruits, which had suffered a considerable decline in 1981. Only for cotton (9.3 million tons) there was again a reduction compared to the preceding year, but it continued at a high level. Meat production (15.24 million tons) continued to stagnate while demand increased and the planners were frustrated; it has not yet reached the 1978 volume (15.5 million tons). Milk production increased (to 90.1 million tons) after it had declined in 1981 to the worst result since the beginning of the 1970's (88.9 million tons).

#### New Slowdown of Industrial Growth

The total growth of the economy in 1982 again was weaker than in 1981 and approached the moderate 1979 rate. National income did increase by 2.6 percent (1981: 3.2 percent; 1980: 3.8 percent; 1979: 2 percent) according to official statistics but the reduced plan target of 3 percent, which was raised to 3.3 percent for 1983, was not achieved. The planning fiasco becomes evident in the figures for industry and development of productivity. The increase in industrial production, which was planned at 4.7 percent, amounted to only 2.8 percent, thus accentuating the long-term declining trend. Contrary to the annual plan provision, the increase for Group B (consumer goods) with 2.9 percent (plan: 4.6 percent) was greater than for Group A (capital goods) with 2.8 percent (plan: 4.8 percent). The structure of the growth slowdown that appears to be attributable to a decline in the expansion of the heavy industry core, thus was confirmed once again. Moreover, the consumer goods sector again was given preference by the planners for 1983: 3.5 percent for Group B as compared with 3.1 percent for Group A.

The plan targets for labor productivity, which under Andropov are to be raised with harsher methods than heretofore, as usual were clearly not attained. The 1982 results were even worse than those of 1981 in industry (1982: +2.1 percent; 1981: +2.7 percent; 1982 plan +4.1

percent) and for railroad transportation (-1.5 percent; +0.8 percent; +1.6 percent) and there was no change in construction (+2 percent; +2 percent; +3.5 percent). The energy sector overall provides a somewhat more encouraging picture with the known phenomena that oil and coal production are hardly able to achieve growth rates or strongly vary from year to year while expansion in the gas sector continues. Gas production in 1982 with 501 billion cubic meters clearly exceeded the 1981 volume of 465 billion cubic meters and moreover achieved an increase in the growth rate to 8 percent (7 percent). Oil production (613 million tons) could be barely increased while coal mining (718 million tons) again increased 2 percent after a decrease of the same magnitude in 1981. Electricity generation rose 3 percent to 1,366 billion kilowatt hours. No 1982 plan figures had been published for the entire energy sector. There has been hardly any growth in the statistically determined real per-capita income (+0.1 percent; 1981: +3.3 percent) of the 271.2 million Soviet citizens (1 January 1983), while the average monthly wages and salaries of blue and white collar workers rose from 172.5 to 177.3 rubles.

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## INVESTMENT, PRICES, BUDGET AND FINANCE

### ECONOMIC EFFECTIVENESS OF CASHLESS PAYMENTS

Moscow DEN'GI I KREDIT in Russian No 7, Jul 82 pp 50-55

[Article by A.P. Gnutov, chief of Economic Planning Administration of the Board of the State Workers Savings Bank, and Yu.M. Belugin, chief of Administration of Savings and Payment of Income to the Population]

[Text] The program of economic and social development of the USSR approved by the 26th CPSU Congress provides for continued growth of the well-being of the Soviet people and also improvement of the structure of use of material benefits and services, improvement of housing and living conditions of the population and the standard of services for it. In this connection, savings banks, which will commemorate their 60th jubilee in December 1982, face major and responsible tasks.

USSR savings banks constitute one all-union credit institution whose principal task is the development of savings in the country and providing the population with reliable holding of monetary funds and assistance in the accumulation of monetary savings and use of them in the interest of development of the national economy.

The population's savings are a component of distributive and commodity-money relations of socialist society. The socialist principle of distribution of income on the basis of labor determines the deepest developmental aspects of the population's savings and the objective quantitative limits of their change. The planned character of development of production in our country guarantees stability of the purchasing capacity of monetary savings and their rational use as credit resources.

The basic source of formation of savings lies in growth of the population's real monetary income based on the socialist principle of distribution on the basis of labor, growth of payments and benefits provided to the population from public consumption funds. During the 11th Five-Year Plan, per-capita income will grow 16.5 percent, average monthly earnings of workers and employees --14.5 percent, income of kolkhoz farmers from collective farming--20 percent, while public consumption funds will increase 23 percent.

Growth of personal savings is organically connected to the realization of labor income and is one of the most important indicators of the rising

well-being of the people. With observance of objective laws of proportional development of commodity-money circulation and particularly the correspondence between monetary income of the population and commodity and service resources, growth of workers' savings is a normal process. The fact is that with the population's rising living standard, consumption and expenditure structure changes and so do the motives for forming savings. Particularly in the family budget, the share of outlays for foodstuffs is reduced (although in absolute figures, these expenditures are growing in connection with expansion of consumption) and the relative share of all those expenditures which require preliminary accumulation is increasing.<sup>1</sup>

Data of a systematic selective survey of the budgets of 62,000 families confirm that in industrial workers' families the share of expenditures on the acquisition of furniture, cultural and household objects grew from 6.1 percent in 1965 to 7.2 percent in 1980 and in families of kolkhoz farmers from 4.2 to 6.7 percent. Whereas in 1965, 24 percent of Soviet families had television sets, 11 percent--refrigerators and 21 percent--washing machines, in 1980, 85 percent of families had television sets, 86 percent--refrigerators and 70 percent--washing machines. There has also been a significant growth in the volume of other goods sold to the population for whose purchase workers as a rule use money from deposit accounts. Thus during 1965-1980 expenditures on the acquisition of furniture and radios grew threefold, rugs and carpeting--12.3-fold, passenger vehicles--almost 37-fold and jewelry--43-fold.<sup>2</sup> With saving money for the acquisition of the said goods, workers make increased demands on the assortment and quality of goods, trying to buy the most modern and even the more expensive.

For the current five-year plan, there has been planned a significant increase in the output of consumer goods, growth of goods turnover of state and cooperative trade, expansion of assortment and quality of consumer paid services. Workers utilize a portion of accumulated savings for the satisfaction of their need for this purpose. This is quite a normal process inasmuch as under socialism savings in their social and economic nature are not an end in themselves but are connected with the process of consumption and with the reproduction of the social product need for the fuller satisfaction of individual needs. This process is responsible for the formation and gradual growth of new deposits.

The basic directions of economic and social development of the USSR for 1981-1985 and for the period to 1990 provide for further development of savings, improvement of forms of services by savings banks for the population, their

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1. See: "Narodnoye khozyaystvo SSSR v 1980" [The USSR National Economy in 1980]. Moscow, Finansy i statistika, 1981, pp 384, 404, 405.

2. Ibidem, pp 384, 404, 406, 430.

fuller provision with computer apparatus and equipment. The task is, on the basis of a planned advancing growth of commodity resources relative to the increased monetary resources of the population, to provide an improved functional structure of savings, that is, their tendency for serving the process of use. This will contribute to the introduction of progressive forms and methods of operating savings banks, making it possible to achieve significant savings of time for depositors spent in the conduct of deposit and payment operations.

In recent years, clearing operations of savings banks have undergone wide-scale development. Without the use of cash, depositors have been able to add to their deposits, pay rent and for municipal and other services and to acquire manufactured goods in the trade network. Such a form of payment is being used by tens of millions of persons. Cashless payments are also beneficial for the state as they help in reducing actual cash money circulation. During 1976-1980, a total of 87.5 billion rubles were put in deposit accounts without the use of cash. This is 2.4-fold more than in the years of the 9th Five-Year Plan. The sum of cashless payments by the population to trade, housing, municipal and other enterprises through saving banks was more than 23 billion rubles. In 1981, cashless monetary turnover through savings banks amounted to 33.6 billion rubles, which is 15.4 percent more than in 1980.

The study of the economic effectiveness of cashless payments showed that transfers of workers' monetary income to deposit accounts are growing at a more rapid pace than deposits of funds of the population in the form of cash (see Table 1).

Table 1

Years	In percent of prior year		
	total turnover of deposit receipts	including	
		cash deposits	transfers
1971	101.5	98.6	120.6
1972	113.4	111.8	121.8
1973	111.4	109.8	117.9
1974	117.3	114.5	130.3
1975	114.6	112.4	123.5
1976	107.9	106.9	111.4
1977	113.1	110.3	122.9
1978	112.7	109.8	122.1
1979	111.9	110.3	116.4
1980	103.1	100.0	111.7

The significance of transfers of workers' monetary income into deposits in the work of attracting funds of the population into savings banks is constantly growing. During the 9th and 10th Five-Year Plans, they increased sixfold while deposits of cash money grew 2.2-fold. In this connection, the relative share

of transfers in the total turnover of deposit receipts increased from 13.2 percent in 1970 to 29.3 percent in 1980.

Certain changes also occurred during 1976-1980 in the structure of individual types of transfer into deposits of monetary income of workers (see Table 2).

During 1976-1980 transfers of wages of workers and employees into deposits developed on a wider scale (3.1-fold). This was caused by an intensive increase of operations relating to the payment of wages of workers through savings banks.

The rapid growth of transfers of the pay of workers and employees during the 10th Five-Year Plan exerted an influence on the expansion of the relative share of this form of transfers in their total sum from 37.1 percent in 1975 to 53.6 percent in 1980.

The biggest development of cashless transfers has occurred in Belorussian SSR where their total in 1981 comprised 56.3 percent of turnover of deposit receipts. This was followed by Latvian SSR--40.2 percent, Kazakh SSR--38.0 percent, Lithuanian SSR--37.0 percent, Estonian SSR--34.4 percent as well as Komi ASSR--58.6 percent, Magadan Oblast--53.4 percent and Arkhangelsk and Kemerovo Oblasts--47-48 percent.

It should be pointed out, however, that it would be more correct to characterize the level of growth of transfers by a comparison of their total with the total of the population's income. Transfers of the monetary income of kolkhoz farmers are relatively well developed in Armenian SSR--36.2 percent of the total sum of monetary income received by this group of the republic's population, in Lithuanian SSR--31.9 percent and in Stavropol Kray and Kurgan and Penza Oblasts--17-20 percent. Transfers of money from turning in of agricultural products received the biggest development. For the country as a whole, 31.7 percent of the total sum received by the population for this purpose is transferred into deposits without the use of cash. High indicators in this sector of work were attained by savings banks of Latvian SSR--69.2 percent, Armenian SSR--59.7 percent, Azerbaijan SSR--47.7 percent and Moldavian SSR--41.0 percent.

For the purpose of studying the effectiveness of transfers of sums from the monetary income of workers into deposits in union republics, a selective survey was conducted in 1980 of 510,000 personal accounts of depositors for whom these operations were performed. According to these accounts, the total turnover sum for deposit receipts in 1980 amounted to 467 million rubles of which 357 million rubles, or 76.4 percent, were received through transfers.

Among the surveyed accounts, 232,000, or 45.4 percent, belong to workers and employees who transfer a part of their pay into savings banks, 70,000 (13.8 percent)--to kolkhoz farmers, 55,000 (10.8 percent)--to persons turning agricultural products, 101,000 (19.8 percent)--to pensioners and 52,000 (10.3 percent)--to receivers of other sums. On the basis of these materials, a study was made of the effectiveness of transfers characterizing the percent of settlement of monetary income received in the accounts of citizens as well as the average sum of growth of deposits per account.

Table 2

	1970		1975		1980		1975	1980
	Bil. of rubles	In % of total	Bil. of rubles	in % of total	Bil. of rubles	In % of total	In % of 1970	In % of 1975
Earnings of workers and employees	1.6	42.9	3.9	37.1	12.3	53.6	2.4-fold	3.1-fold
Monetary income of kolkhoz farmers and those turning in agricultural products	0.7	18.9	3.6	34.6	5.0	21.9	5.1-fold	138.2
Pensions and other sums	1.5	38.2	3.0	28.3	5.7	24.5	2.1-fold	189.3
T o t a l	3.8	100.0	10.5	100.0	23.0	100.0	2.8-fold	2.2-fold

The data obtained from a comparison with comparable indicators of a selective survey conducted in 1974 show the following changes (Table 3).

Table 3

	1974		1980	
	Percent of settlement	Growth of bal. of deposit per account	Percent of settlement	Growth of balance of deposit per account
Pay of workers and employees	23.1	110	11.4	83
Monetary income of kolkhoz farmers	30.3	173	21.7	193
For turned in agricultural products	32.3	231	25.1	249
Pensions paid in by Gosbank	9.4	110	8.4	136
Pensions paid by social security organs	13.2	99	10.1	104
Total	17.4	117	15.9	146

It is necessary to point out that the total percentage of settlement of deposits in 1980 was 13.1 percent or somewhat less than in 1974, which is basically due to a lead in the growth of goods turnover over the increase of the population's monetary income. A similar tendency is to be found in settlement of deposits brought in by transfers of the population's monetary income.

As shown by the presented selective data, in 1980 the sum on the average of growth for a single account increased compared to 1974 for all forms of transfers of monetary income of toilers with the exception of wages of workers and employees. This was due to some extent to the higher growth rate of payments of monetary income to the rural population and pensioners. Thus during 1976-1980 wages for kolkhoz farmers increased 26.0 percent and the sum of payments to pensioners--35.2 percent; on the average, the monetary pay of workers and employees grew 15.8 percent.

The reduction of the percentage of settlement of deposits is connected with an increase during the 10th Five-Year Plan in the sale of manufactured products and foodstuffs amounting to 28.6 percent as well as to a growth in consumer services amounting to 43.0 percent.

The findings of the survey show that the most effective are transfers to deposit accounts of money for agricultural products turned in to accounts of

kolkhoz farmers. The average growth of deposits for all forms of transfers per account according to those investigated amounted to 146 rubles, while the percentage of settlement of deposits amounted to 15.9 percent. At the same time, according to the accounts of those turning in agricultural products, the growth was in the amount of 249 rubles and the percent of settlement--25.1 percent; for the accounts of kolkhoz farmers, the figures were 193 rubles and 11.7 percent respectively. This is clearly to be explained by the more rapid growth of the monetary income of kolkhoz farmers and the simultaneous receipts of large sums for accounts of those who turn in agricultural products as well as the satisfaction of requirements with respect to the subsistence economy.

Examination of the effectiveness of transfers of sums going into accounts of those who turn in agricultural products shows that it is particularly high in Estonian SSR--452 rubles on the average per account and 29.2 percent, in Kazakh SSR--407 rubles and 29.1 percent and in the RSFSR--268 rubles and 27.3 percent.

Good results are shown by transfers of this form of income of workers in a number of oblasts and autonomous republics of the Russian Federation. In Tomsk Oblast there is a settlement of 56.6 percent of transferred income from turning in of agricultural products, in Belgorod Oblast--about 50 percent and in Voronezh, Arkhangelsk Oblasts and Chuvash ASSR--42-45 percent. In the said oblasts and ASSR, more than 40 percent of the monetary income of workers received from turning in of agricultural products is transferred into accounts. At the same time, it should be noted that in such agricultural regions of the RSFSR as Krasnodar or Stavropol Kray and Tatar ASSR transfers of this type of income of the population have not received due development, and the percent of settlement is low for accounts of transferred monetary income.

The settlement of transfers in accounts of kolkhoz farmers has a high level in Azerbaijan SSR--367 rubles per account and 26.4 percent for the sum of receipts of monetary income of this group of the population going into deposits, in Estonian SSR--324 rubles and 10.9 percent and in Lithuanian SSR--258 rubles and 13.0 percent. An insignificant sum undergoes settlement in deposits of kolkhoz farmers in Armenian SSR--53 percent and 3.5 percent.

A high percent of settlement of transferred sums from the pay of workers and employes, as shown by the selective survey, is to be found in Ukrainian SSR--18.4 percent, Uzbek SSR--17.1 percent and Moldavian SSR--26.1 percent. In the Armenian, Latvian and Lithuanian republics, the percent of settlement for these accounts does not exceed 8 percent.

In the RSFSR, settlement of transfers into deposits of a portion of the pay of workers and employes averaged 11.6 percent. Such transfers were most effective in Voronezh Oblast, where their settlement was at the 30-percent level, in Ivanovo Oblast--26 percent and in Belgorod and Kursk Oblasts--25 percent as well as in Astrakhan, Bryansk, Saratov and Yaroslavl Oblasts and Krasnodar Kray--20-22 percent. Transfers of pay were less effective in Chuvash ASSR, Krasnoyarsk Kray and Kirov, Magadan and Murmansk Oblasts where only 3.8-6.0 percent of funds transferred into deposits settle.

Transfers into deposits of pensions issued by Gosbank and social-security organs have a low level of settlement--8.4 percent and 10.1 percent, respectively. At the same time, the growth amount of deposits of pensioners per account amounts on the average to 103-106 rubles, that is, it is higher than for accounts to which the wages of workers and employees are transferred (83 rubles). A considerable percentage of settlement of deposits and a large sum of growth for accounts of pensioners are to be found in the Uzbek, Tajik, Turkmen and Armenian union republics.

Deposits going to savings banks in the form of transfers are basically stable in terms of mass. Moreover, for the studied accounts involving transfers, deposit stability grew during the years of the past five-year plan for almost all types of transferred income of workers.

Table 4

	Average time deposits held	
	1974	1980
Monetary income of population		
Wages	474	410
Monetary income of kolkhoz farmers	562	716
For turned in agricultural products	514	640
Pensions paid by Gosbank	253	274
Pensions paid by social-security organs	338	392
<b>T o t a l</b>	<b>315</b>	<b>445</b>

As can be seen from the presented data, the average period of holding deposits became smaller only for accounts receiving wages of workers and employees, while the biggest growth of stability occurred for deposits of kolkhoz farmers and persons turning in agricultural products.

Among the social-economic measures for boosting the efficiency of public production and raising the material and cultural level of the life of the people, an important place is occupied by questions of improvement of wages and settlements for workers and employees. In this connection, serious attention is being paid to expansion and proper organization of work relating to the payment of earnings of workers through savings banks.

Savings banks each year, relying on aid from party, soviet and trade-union organs, assume the responsibility of paying earnings of workers for a large number of enterprises and organizations. As of 1 January 1982, about 5.5 million persons, that is 4.4 percent of the total number of workers engaged in the national economy, are receiving their pay through savings banks. Such operations are performed by 22,800 savings banks serving workers employed at 16,000 enterprises and organizations. Practice shows that carrying out jointly wide-scale measures with enterprises for the transition of labor

collectives to the new procedure of wage payments promotes integrated development of savings and helps to strengthen the material-technical base of savings banks--to provide many of them with well-equipped quarters, to expand their network, to improve the work regimen and to provide and strengthen cadres.

Relatively good results in paying out of earnings of workers through savings banks have been attained in Belorussian SSR, Azerbaijan SSR, Armenian SSR, in number of autonomous republics, krays and oblasts of the RSFSR (Bashkir, Komi, Buryat and Kabardino-Balkar ASSR and Arkhangelsk, Kemerovo, Tyumen, Kaluga and Murmansk Oblasts), in Ukrainian SSR (Donetsk, Kherson and Cherkassy Oblasts) and in Kazakh SSR (Karaganda and Pavlodar Oblasts).

For the further development of operations relating to paying out of wages through savings banks for individual sectors of the national economy, this work is conducted jointly with union and union-republic ministries. The new form of wage payments of workers at enterprises and organizations has been introduced at 70 union and union-republic ministries.

The studies conducted in 1974 and 1981 that the economic benefit of paying wages to workers and employees through savings banks includes first of all the elimination of losses of worktime connected with paying out money directly at production as well as in connection with doing away with the services of non-staff cashiers from among production personnel diverted to paying out money.

As a result of reduced losses of worktime at Beloruskaliy Association, Likinskiy Autobus Plant, Inguletskiy Ore Concentration Combine and Borisov Cut-Glass Plant, the estimated yearly production output amounted to 848,000 rubles. The study of individual social aspects showed that following the introduction of the new form of wage payments, many enterprises showed an improvement in indicators of labor discipline, while the number of latenesses and absences after payday was curtailed.

For the purpose of improving serving of the population at the surveyed enterprises, cashless payment was introduced of trade-union member dues, while at some of them, for example, at Beloruskaliy Production Association, the Belorussian Motor Vehicle Plant, Balakhna Pulp and Paper Combine and Ingulets Ore Concentration Combine, transfers from wages are employed on requests of workers and employees in making payments for rent, municipal and other services. The said method of payments makes it possible to save individual time of workers, to reduce the number of operations for savings banks and because of this to improve their services to depositors and other clients.

Management, party and public organizations and the great majority of workers and employees of the studied enterprises are reacting favorably to the new form of wage payments. A survey of 2,540 workers and employees of several enterprises in Belorussian SSR, particularly the Belorussian Motor Vehicle Plant, the Minsk Watch Plant and Beloruskaliy Production Association, is characteristic. It showed that more than 83 percent of those surveyed were in favor of being paid through savings banks.

For the purpose of studying the effect of wage payments through savings banks on the development of savings in selected oblasts of the RSFSR, Ukrainian SSR, Belorussian SSR and Kazakh SSR, 78,100 accounts of deposits were examined in 1981. These included 57,200 accounts of workers and employees and 20,900 accounts of kolkhoz farmers. In 1980, growth of deposits in the surveyed accounts amounted to 6,592,000 rubles, or 4.6 percent of the sum of receipts in the accounts. A relatively high growth of deposits occurred with respect to the accounts of kolkhoz farmers--12.3 percent versus 2.8 percent for accounts of workers and employees. The small settlement of deposits in the examined accounts of workers and employees is explained by the fact that the study of economic effectiveness was essentially made in savings banks for enterprises that had gone over to the new form of payments during 1972-1976 and previously accumulated sums in these accounts had been used for the acquisition of items requiring an initial accumulation of savings as well as placement in savings banks located at place of residence. The average growth of deposits per account of a worker or employee amounted to 58 rubles and for accounts of kolkhoz farmers--158 rubles. For ordinary accounts of deposits, average growth per account in 1980 amounted to, respectively, 73 rubles and 80 rubles. It is necessary to keep in mind that with payment of wages through savings banks every working person becomes a depositor.

It should also be emphasized that actual settlement of deposits for accounts in which the monetary income of workers is significantly higher if one takes into consideration sums withdrawn by depositors from such accounts for opening of deposit accounts [srochnyye vklady].

The volume of work of savings banks connected with the performance of operations relating to the payment of monetary income of workers has achieved considerable size. Whereas for ordinary accounts of depositors, 6 operations are performed per year, for the surveyed accounts to which transfers of earnings of workers are made, more than 40 operations are performed per year, which attests to a significant increase in the work load of savings-bank employees. On the basis of these data for accounts of workers, employees and kolkhoz farmers receiving their pay through savings banks, 220-230 million operations are performed annually, that is, roughly one-fourth of all operations relating to deposits.

The work load of operational teller personnel engaged in payment of wages is one and a half to two times greater than for personnel performing the usual operations in a savings bank. This requires the introduction of high-efficiency calculating and computing equipment obtained in a centralized manner first of all at the largest savings banks performing operations relating to the payment of wages for workers and employees.

Stability analysis of deposits shows that their turnover for the surveyed accounts is relatively high: its coefficient equals 3.0 versus 0.45 for ordinary prior to withdrawal; the average time of holding of a deposit ruble is 122 days as opposed to 811 days. This is explained by the high mobility of deposits for accounts through which wage payments are made.

The cost of bringing in accounts for savings banks performing wage payments for workers shows a tendency for reduction. Whereas in 1975, it was 3.00 kopecks, in 1980, the cost of bringing in deposits for the surveyed accounts had dropped to 1.25 kopecks. This is due to the higher growth rate of the average annual balance of deposits on the books compared to the increase in administrative, economic and operational expenditures. As for the cost of performing a single operation in payment of workers' wages by savings banks, it in 1980 amounted to 12 kopecks versus 26 kopecks on the average for all accounts of depositors. The relatively low level of operational costs in the payment of workers' wages is the result of wide-scale mechanization of these operations and on this basis of higher work productivity of operational personnel of savings banks.

Further development of these operations will be abetted by an effect on the growth of the average annual balance of deposits, the rate of which will outdistance the increase in administrative-economic and operational expenditures pertaining to these operations. Consequently, the cost of bringing in deposits will retain the tendency to get smaller. Study of these questions shows that savings banks opened for serving labor collectives gone over to the new method of wage payments will become profitable, as a rule, in 6-8 years. This will be due to the gradual accumulation of funds in accounts of deposits and growth of income in this connection coming from Gosbank for funds held in accounts of savings banks.

The data of the selective survey of effectiveness of book transfers of monetary income to accounts of the population graphically confirm the big positive influence exerted by transfer on the development of savings and the bringing in of monetary funds of workers into accounts. The major importance of transfers of monetary income of workers into accounts in the development of savings is confirmed by the significant sum of growth of deposits from these operations. Thus in 1980 growth of deposits because of income of the population received the cashless way amounted to about one-third of the total growth of deposits for all accounts. For this reason, the necessity of all-round development of transfers of monetary income of the population into accounts constitutes an urgent problem whose solution should involve the work of institutions belonging to the USSR State Workers Savings Bank.

Cashless receipts play an important role in achieving savings of the personal and working time of workers.

As shown by the materials of the 1980 survey, the average size of one operation of entry into deposits of a part of the monetary income of the population the cashless way 74 rubles. This amount is somewhat larger when entering sums into deposits for the payment of wages to workers and employees. Taking into account the total sum of cashless receipts and the average size of the said operations, it is possible to make the conclusion that the total number of operations performed by savings banks relating to the entry of the earnings of workers into deposits is about 300 million. The expenditure of time in going to savings banks, including expenditures of time for travel and the number of completed operations makes it possible to determine the total time savings of workers using the services of savings banks for cashless payments. According to our calculations, such savings amount to about 200 million man-hours.

Taking into consideration that the performance of operations concerned with entry of the monetary income of workers into accounts is done in the absence of customers, considerable economy of time is achieved by other workers in visiting savings banks. On the average for one savings bank, the number of clients is reduced by 40 persons per day, which speeds up services for visitors.

The fact is of major significance that the examined operations affect a reduction of cash money turnover and this in turn contributes to economy in the expenditures of material, physical and financial resources connected with the making, counting and collection of money.

Thus, in the light of the decisions of the 26th CPSU Congress, the November (1981) Plenum of the CPSU Central Committee and the decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 aimed at the systematic improvement of the economy and perfecting of the economic mechanism and bringing it into conformity with the requirement: "The economy must be economical," the need of development of transfers of the monetary income of the population constitutes an urgent problem whose solution has become an objective of the system of the USSR State Workers Savings Bank.

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## INVESTMENT, PRICES, BUDGET & FINANCE

### ROLE OF PRICE FORMATION IN RESOURCE USE EXPLORED

Moscow EKONOMICHESKAYA GAZETA in Russian No 51, Dec 82 p 15

[Article by Yu. Chernegov, department chief of the Scientific Research Institute of Prices, professor: "Raw Material Resources and Price Formation"]

[Text] The intensive path of economic development and an increase in the dimensions of industrial production are inseparably bound up with an improvement of the work of the mining industry and an efficient use of mineral resources.

The drawing into economic circulation of deposits of minerals with a smaller percentage content of basic components and, in particular, of metal has raised the problem of their overall processing and of a fuller use of the useful substances. The solution of this problem is possible through the use of all existing economic levers, including the system of planning and price formation.

All useful components which can be obtained with existing technology and whose extraction is economically efficient are payable. The sum of the prices for all of the extracted components must not lead to an excessive production profitability: it is necessary to seek to reduce the cost of the basic raw materials through obtaining by-product raw materials.

#### The Overall Mining Path

Extracted minerals contain, as a rule, not one, but a number of different components. In addition, the mining results in rock debris and enrichment waste products.

The full extraction of all components, the overall processing of the mineral raw materials, and the wide use of by-products substantially increases the economicalness of depleted ores.

On the basis of multi-component raw materials it is possible and expedient to create powerful combined enterprises at which it is profitable to use equipment of increased capacity and fundamentally new technologies, organization, and production management.

As a result of an increased level of production concentration and combination the technical and economic indicators of the production of a branch's final output not only do not worsen, but even improve.

For example, iron obtained in this way from relatively poor ferrous quartz proves to be substantially less expensive than iron obtained from naturally rich ores. The enterprises of the Noril'sk Mining and Metallurgical Combine which have achieved an extraction of 14 components from non-complex ores have the highest profitability in nonferrous metallurgy.

The use of rock debris and waste products for obtaining non-ore construction materials is an important question. The possibilities here are extremely great, since the annual volume of stripping work in the country has come to 5.5 billion tons. Ferrous and nonferrous metallurgy have non-ore debris materials and enrichment waste products which can be used in the production of construction materials--gravel, lime, chalk, and sand--in the amount of 50 million cubic meters, and cement in the amount of 10 million tons a year.

As an analysis shows, the by-product production of non-ore materials from stripping debris and enrichment waste products at large mining enrichment enterprises is substantially cheaper than at relatively low-capacity specialized productions. For example, using strip debris the "Uralasbest" Combine is able to obtain 13.8 million cubic meters of gravel a year, which is twice the amount produced at the largest specialized "Mikashевичi" enterprise in Belorussia. In addition, the highest gravel production profitability is reached--33.8 percent,--with a capital investment reimbursement period of 3.5 years. This data was considered when normative profits were established during a review of wholesale prices for asbestos.

Prices have been established for all of its types for all operating enterprises which mine minerals or process overall raw materials. This matter was given especial attention in reviewing the wholesale prices which were put into operation on 1 January 1982. The range of useful components in overall types of raw materials for which wholesale prices have been established has been broadened. Thus, in nonferrous metals mining prices have been instituted foridium, rhenium, bismuth, and silver.

In ferrous metallurgy additional payments are employed for vanadium in the iron ore concentrates, agglomerates, and pellets of the Kachkanar Mining Concentrating Combine and the Pervoural'sk Mine Administration, and for nickel in the ores of the Novokiev Mine. The problem of the overall use of phosphorus raw materials has been partially solved at the Maardu Chemical Plant where construction rubble is obtained from stripping debris. The prices established for the construction rubble stimulate its production.

In order to stimulate enterprises to increase the collection of petroleum (by-product) gas beginning 1 January 1982 compensation rates for expenditures for geological surveying are being included in its cost.

In the gas industry in order to stimulate the extraction of helio-bearing gases price mark-ups for an increase helio content have been established for the wholesale prices for natural and by-product helio-bearing gases. Fees are not collected for minerals obtained and processed from dumped debris and production wastes (enrichment left-overs and slags).

In the event of the overall mining of deposits expenditure rates for geological surveying work are established for all of the components whose extraction is envisaged by the technological plans for the construction and reconstruction of enterprises.

#### On the Basis of the Plan

The work on improving the formation of prices for the output of enterprises which mine and process complex deposits and complex mineral raw materials has continued even after the review of wholesale prices in industry.

For example, a wholesale price list has been approved for readied raw materials made of the waste products of enrichment and the ancillary obtained crushed stripping debris of the mining and enriching enterprises of the USSR Ministry of Ferrous Metallurgy for the production of non-ore construction materials. The prices in this price list are 15 percent lower than those for the analogous output of specialized enterprises, which increases the economically profitable shipment radius for the raw materials. However, the amount of the utilization of the ancillary products and waste products of mining output and the level of the completeness of the processing of the raw materials are still far from sufficient compared with the existing possibilities. As practice shows, the chief obstacle to the solution of this problem is the lack of plans for the production and consumption of the output of overall enterprises.

For example, a price has been established for vanadium concentrate which is extracted from iron ores. But since there is no plan for marketing it, the Kachkanar Mining and Enriching Combine is storing this valuable product in the fields.

Special capacities have been created at the Kovdor Mining and Enriching Combine to obtain apatite concentrate through the overall use of iron ores. However, the Ministry of Fertilizers has been systematically refusing to confirm a previously agreed upon need for apatite raw materials, and most of it is going into tails.

Measures to improve wholesale prices in order to make the use of mineral raw materials fuller and more complete can be accomplished, in our view, only as industry masters new technological schemes for the primary processing of ore and metallurgical reduction and also as there is an improvement of the structure of the amounts of the production and consumption of these types of mineral raw materials within the composition of the 5-year and long-term plans for the development of the economy.

In this connection, the scientific research and planning and designing institutes of the ministries which supply and consume the mineral raw materials have to perform applied work on an economic substantiation of the different methods of the overall use of the mineral raw materials.

Frequently it is uneconomical to get at every mining and enriching and mining and metallurgical enterprise all of the products which are contained in the raw material, since the production of some of them is negligible. It becomes expedient to cooperate in handing over certain products for centralized processing at one of the enterprises. This kind of arrangement would obviously demand the solution of the problem of substantiating wholesale prices for the intermediate product.

#### On the Methods of Calculating Expenditures

One of the difficult aspects of price setting is the calculation of expenditures in complex productions.

We know of many attempts to overcome the shortcomings in the existing methods of distributing complex expenditures in multi-products list productions. An analysis of the existing approaches has led to the conclusion that the solution of the problem in them is built on a foundation of deliberately limited information. Hence, the attempts to use quite subjectively chosen indicators of the distribution of complex expenditures.

In the Scientific Research Institute of Prices a method has been proposed for the creation of additional information with the help of which it would be possible to objectively characterize the share of each component in the formation of the overall indicators. The essence of the method consists in the fact that, in addition to determining the technical and economic indicators, for a full complex production a determination is made of the characteristics for the system of incomplete complex productions in each of which the produced amount of products is one unit less than in the complete one. On its basis one can with sufficient reliability and detail determine the number of workers, the cost of productive capital or capital investments, the cost of output both for economic elements and calculation items. This data will make it possible to produce a more accurate calculation of normative profits and of the overall value of the output of the complex production.

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## INVESTMENT, PRICES, BUDGET AND FINANCE

### NEW PRICES IN INDUSTRY TO STIMULATE PRODUCTION GROWTH EFFICIENCY

Tallinn KOMMUNIST ESTONII in Russian No 8, Aug 82 pp 16-20

[Article by Yu. Vladychin, chairman of ESSR State Committee for Prices]

[Text] Price formation, as we know, serves as an important instrument of planned management. First-priority tasks were formulated in Basic Directions of Economic Development of the USSR approved by the 26th CPSU Congress: "To increase the stimulative effect of wholesale prices on improvement of quality of projects, acceleration of development of highly efficient and replacement of obsolete equipment, more efficient use of production resources and reduction of production cost.

Such a formulation of the task is proper since in a developed socialist society (under conditions of an enhanced role for economic methods of management, expansion of the volume of production and assortment of production output, development of different forms of cooperative) the significance of price in management of the national economy grows perceptibly. In order to achieve growth of effectiveness of public production, there are required proper accounting of socially necessary labor outlays (in the broad sense) and an active impact on their level and dynamics. Economically substantiated prices serve as one of the levers of impact.

An important measure in price formation has been the revision of wholesale prices in industry. As of 1 January of this year, new prices were introduced for almost 75 percent of manufactured products. Prices were not revised only in those sectors whose products do not have fixed wholesale prices, that is, they are sold on the basis of retail prices. They include the meat, dairy, clothing, furniture and several other sectors of industry.

Such a significant revision of wholesale prices was principally due to the fact that the former prices had been in effect for a considerably long period of time--since 1 July 1967. They were revised solely for products of light and machine-building industry on 1 January 1973. In the years that followed wholesale prices underwent change in several other groups of commodities, but they had no significant influence on the general level of prices.

The need of correcting existing wholesale prices is dictated by the constantly changing conditions of production. For example, the tendency for growth of

expenditures on mining of coal, petroleum, gas, peat and metals and production of sawtimber, a number of construction materials and so on is basically due to their output being shifted to the East and North of the country as well as to worsening of geological and mining conditions for the production of fuel and raw materials in the earlier developed regions, growth of outlays on protection of the environment, rising wages and increased amortization deductions. Technical progress in these sectors has as yet been unable to stabilize the growth of production expenditures. At the same time, thanks to the introduction of new equipment and technology, production cost is systematically being reduced in most processing sectors of industry. At the time of start of revision of prices, mining of coal and peat, procurement of timber and production of heat and power, brick and so on were being operated at a loss, while many forms of products of radio-and-electronics, machine-building, chemical and a number of other sectors of industry were highly profitable.

In the process of elimination of unsubstantiated differences in the profitability of products, there were resolved in the course of working out new wholesale prices such questions of improvement of their system as:

- boosting of the economic incentives of enterprises and associations for raising efficiency of production and quality of products, rational use of labor, material and natural resources, reduction of outlays per unit of useful effect (first of all through increasing the role and size of incentive increases);

- provision of economically substantiated correlations of prices for mutually replaceable and comparable types of products;

- fuller reflection in industrial output of outlays on geological-prospecting and reforestation work, as well as outlays for social insurance of workers and employees (twofold rise in pay for felling trees and a 1.6-fold increase in deductions for social insurance);

- creation of conditions for further improvement of cost-accounting activities of associations and enterprises, fulfillment of product-mix plans (differentiation of profitable norms in planning of new prices);

- stimulation of expansion of output and renewal of assortment of consumer goods (in wholesale prices, to take more fully into account quality and consumer properties of these goods as well as valid outlays on their production).

Concomitantly with the development of the new wholesale price lists, the normative technical documentation was improved so that as of 1 January 1982 new standards and technical conditions would go simultaneously into effect with the new prices. Admittedly, this did not always happen since more time was needed for the development of the new normative technical documentation.

The new wholesale prices compensate sectors, subsectors and normally operating enterprises for economically valid expenditures on production output and ensure securing a profit in the size required for carrying out of cost accounting,

that is, for payment from profit of production capital, formation of enterprise funds, growth of the norm of own working capital, repayment of interest for bank credit and compensation for losses from housing and municipal services. Under the new prices, profitability for industry as a whole as a ratio of profit to production capital is about 14.5 percent and to production cost—16.5 percent.

For the purpose of reducing material intensiveness of production in the processing industry, first of all in machine building, the new prices were planned on the basis of the ratio of norms of profit to production cost with deduction of the cost of used raw materials, fuel, power, other materials, semifinished products and components (that is, direct material outlays). The norms of profitability for machines and equipment basically fall within the limits of 45-60 percent. It should be pointed out that industrial workers, as well as those engaged in price formation, still find it difficult to keep from computation of profit for full production cost. The immediate years ahead should show the effectiveness of the new method of determination of price included in price.

The assignment of revision of wholesale prices also provides for the average sizes of their increase in the raw-material and power-engineering sectors: coal--42 percent and gas--45 percent, petroleum--twofold, fuel oil--51 percent, lumber--40 percent, ferrous-metallurgy products--20 percent and nonferrous products--14 percent.

In the rest of the sectors, wholesale prices were changed in conformance with higher costs of raw materials and the need to ensure normative profitability. Thus prices rose 30 percent for sawtimber, 24 percent for plywood, 37 percent for newsprint, 26 percent for cement, 30 percent for ferroconcrete, 19 percent for asbestos cement, 12 percent for mineral fertilizers and 3 percent for linoleum. Prices were reduced 35 percent for high-pressure polyethylene, 28 percent for epoxy resin, 18 percent for synthetic rubber, 5 percent for motor-vehicle tires and so on.

Wholesale prices for petroleum products hardly changed. The rise in prices for petroleum was compensated by a reduced turnover tax for marketable petroleum products. To prevent agriculture from having additional costs, a lower level of prices was retained for diesel fuel compared to motor-vehicle gasoline.

In machine building, wholesale prices were reduced for radio-electronic products, computing equipment and several types of metal-cutting machine tools, instruments, tools and electrical-engineering items. Prices for other products of machine building had to be raised somewhat so that the general level of wholesale prices in this sector remained practically as before.

Wholesale prices of enterprises were raised approximately 12 percent for products of light industry. The new prices exceed former prices in the following amounts: 40 percent for cotton fabrics, 19 percent for woolen fabrics, 13 percent for silk fabrics, 12 percent for linen fabrics, 13 percent for cotton goods and 5 percent for footwear.

In the food industry, wholesale prices were revised for some groups of commodities: sugar, tobacco items, tea, table salt, macaroni products and others. But the total price rise amounted to only 4 percent.

Wholesale prices established in the republic on the average rose 5 percent. The relatively small increase was due primarily to an insignificant relative share of raw-material sectors in Estonian SSR's industry and the relative high profitability of products during the earlier operative prices, which made it possible to weaken in significant degree the influence of price-increase factors. For the republic products-list, for example, prices rose 142 percent for peat bricks, 63 percent for clay brick, 54 percent for silicate brick and 35 percent for starch; they dropped 24 percent for safety belts, 11 percent for effervescent drinks and so on.

As a result of the price revision in the republic, it was possible to eliminate unprofitability for more than 750 kinds of products involving a sum of 6 million rubles. For trucks, practically only time rate underwent a 30-percent rise. This was done to eliminate unprofitability of hauls. Rates for railroad shipments did not change.

On the whole, wholesale prices for manufactured products underwent a rise of 10-12 percent.

The basic sum of the price rise will be reflected in outlays of industry itself, but costs will also grow in other sectors of the national economy and in the nonproduction sphere. For neutralization of the influence of price changes in these sectors, finance plans will be corrected or financing from the budget will be increased.

Most of all the new wholesale prices will affect construction. For the purpose of having construction costs reflect the price changes, on 1 January 1984 a changeover will be made to new estimate norms and prices. In connection with the fact that on 1 January of this year prices were also raised of items delivered free to construction site. Most construction materials are sold on their basis to construction organizations. The price rise prior to the transition to the new estimate prices is compensated from the state budget.

The assignment of revision of wholesale prices also provided for these measures not to bring in their wake a rise in retail prices and in noncompensated additional expenditures in agriculture.

For the purpose of compensation of the rise of wholesale prices for manufactured products sold to agriculture,

--existing prices are retained for mineral fertilizers, tractors, motor vehicles and agricultural machinery where they are sold to kolkhozes, sovkhoses and other agricultural (interfarm) enterprises and organizations as well as the procedure of compensation from the state budget (through the agency of the State Committee for Selkhoztekhnika) differences between wholesale prices for industry and agriculture;

--rates are retained for electric power sold to kolkhozes, sovkhoses and other agricultural enterprises;

--compensation is made in the same manner for the difference between the wholesale prices introduced on 1 January 1982 and the previously operative ones for petroleum products (including gasoline for motor vehicles);

--On 1 January of this year compensation was introduced for all the remaining types of items of production and technical use sold at wholesale prices with employment of discounts (in the amount of 12 to 50 percent) that are compensated from the state budget.

As we can see, for compensation of higher prices for products produced by industry and sold to agriculture, a most complex and laborious system has been created.

With the rise of wholesale prices for raw and other materials, electric power and heat, production costs of consumer goods grow inevitably. In recent years, the production cost of a number of goods has grown for a number of reasons, but the output of many of them has not been profitable. For the provision of normal economic conditions for the production of consumer goods, wholesale prices were changed in the course of the revision for those goods for which fixed wholesale prices or turnover-tax rates are established. In this way, the change in the cost of raw and other materials has affected only the size of the turnover tax. For the purpose of eliminating unprofitability for goods not subject to the turnover tax, wholesale prices exceeding retail prices for consumer goods were established as an innovation this time. This unique subsidy is covered according to the financial plan from the free balance of profit (or the income tax of cooperative and public organizations). This measure has made it possible to assure normal profitability for production of practically all goods and thus exclude the negative effect of the rise of wholesale prices in the other sectors.

Moreover, for preservation of stability of wholesale prices with which goods and materials are sold to the population (with trade markups), it was determined that beginning with 1 January of this year, industrial goods would sell such products to trade organizations at the former operative prices. In our republic, there are few such products. Today, for example, ferroconcrete items are sold in this way.

In determination of wholesale prices for new items, stability of retail prices will be retained henceforward thanks to the fact that wholesale prices for new consumer goods are determined on the basis of economically valid expenditures and the necessity of ensuring normal profitability for their production as well as consideration of prices for comparable items, quality and other consumer properties of these goods. In this way, the direct influence is eliminated of price-increase factors (growth of wages and prices for raw and other materials, overhead and so on) in regard to the retail prices of new products. For industry, such a system quite effectively compensates for cost increases but it cannot eliminate deficiencies in the operation of individual

enterprises. Because of higher production cost, the manufacture of many consumer goods (gardening tools, metalware, certain items for household use), has become unprofitable in recent years. The increase as of 1 January 1982 of wholesale prices (which in some cases became higher than retail prices) for these goods does not mean in any way that further growth of costs can again be covered out of the state budget.

As a result of a gradual rise in production cost, especially in the fuel and raw-material sectors and in agriculture, wholesale prices for many kinds of products exceed several fold retail prices, for example:

	Retail price (in rubles)	Wholesale price (in rubles)
Coal (tons)	10.50	39.00
Peat bricks	11.00	23.00
Red bricks (1,000 each)	56.80	66.00
Silicate bricks (1,000 each)	29.00	40.00
Thermal energy (gigacalories)	2.30	10.00

The price difference (subsidy) in our republic will annually amount to more than 4 million rubles just for peat bricks, about 2 million rubles for construction materials sold for market stocks and on the order of 10 million rubles for the remaining commodities (mostly metal and wood items of household use). The sums, as we see, are significant, but they cannot be compared with the subsidy going to the meat and dairy industry as compensation for purchase prices of agricultural products, which exceeds 400 million rubles. Furthermore, a subsidy is provided from the state budget for housing, for coverage of losses from special-price sale of thermal energy, city transport and so on. Consequently, there should be seriously analyzed in all sectors of the national economy and at all enterprises the reasons for growth of costs and measures outlined for curtailing them. In this connection we should first deal with those products and services whose costs are partially compensated from the state budget.

At the present time, price forming organs are developing a methodology of establishing and employing various incentive markups and discounts motivating sectors and enterprises to improve production quality and to boost its efficiency from the point of view of the consumer as well as to reduce metal intensiveness of machines and equipment and to make better use of industrial wastes and local raw materials.

The system of stimulating incentive markups for the manufacture of new high-efficiency products and the establishment of discounts for wholesale products of the second category of quality as well as for items certified in accordance

with prescribed procedure. This system establishes markups for a wholesale price in the amount of 70 percent of the sum of economic gain from the manufacture and use of the new product; in this connection, up to 70 percent of the markup goes into the economic incentive fund. The discount is established in the limits of 50 percent of profit from the sale of products of the second category of quality or of those not certified in the provided period.

Last year, more than 3,000 such incentive markups were established in the country involving a sum exceeding 6 percent of the wholesale prices. In our republic, industrial enterprises, especially machine-building enterprises, do not give due attention to the development of new high-efficiency products. Thus according to 1981 totals, markups were established only for the prices of 31 items from six enterprises in the republic. The output volume of high efficiency products amounted to 25 million rubles. The sum of the markups was 1.1 million rubles; of them, 347,000 rubles went into economic incentive funds. In this connection, the share of the Tallinn Electrical Equipment Plant imeni M.I. Kalinin was 18 items and 785,000 rubles of markups. The share of the remaining five enterprises was thus insignificant.

It is gratifying that in 1981 our republic's enterprises did not produce any products of the second category of quality. The output of products not certified in time amounted to 1.5 million rubles. As a result the state received as revenue 22,000 rubles in the form of taxes. This is undoubtedly the fault of personnel of the enterprises' technical services who dawdled in getting the products certified.

It also should be noted that the sums of markups and discounts are accounted not in the compilation of the plan but in the evaluation of its fulfillment.

It would appear that in addition to improvement of price formation at associations and enterprises, it is necessary to adopt measures for economy of material and labor resources and reduction of different losses and of manufacture of substandard products, in a word, for reduction of production cost. Different ways and means exist for this, and each sector, each enterprise is called upon to use the most efficient of them.

Our wholesale prices were essentially based on 1980 costs. For this reason, enterprises that reduced costs were able even prior to the introduction of the new prices to gather additional profitability. Nonetheless at some enterprises, on the contrary, the cost of certain types of products rose. For example, the Tallinn Plant of Construction Ceramics put out in the first quarter of this year, despite a high rise in wholesale prices, clay brick at a 32-percent loss. It is necessary to fight decisively against this kind of occurrence at all levels of management. In this connection, results of analyses show that a rise in production cost is often abetted by insufficiently demanding indicators of the financial plan.

As has already been pointed out, price formation is meant to stimulate growth of production efficiency, and labor collectives must work in this direction.

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## INDUSTRIAL DEVELOPMENT AND PERFORMANCE

### HISTORICAL GROWTH OF KEY ECONOMIC SECTORS PRESENTED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 12,  
Dec 82 pp 6-10

[Unattributed article: "In the United Family"]

[Text] The Soviet people are 270 million persons representing more than 100 equal nations and nationalities.

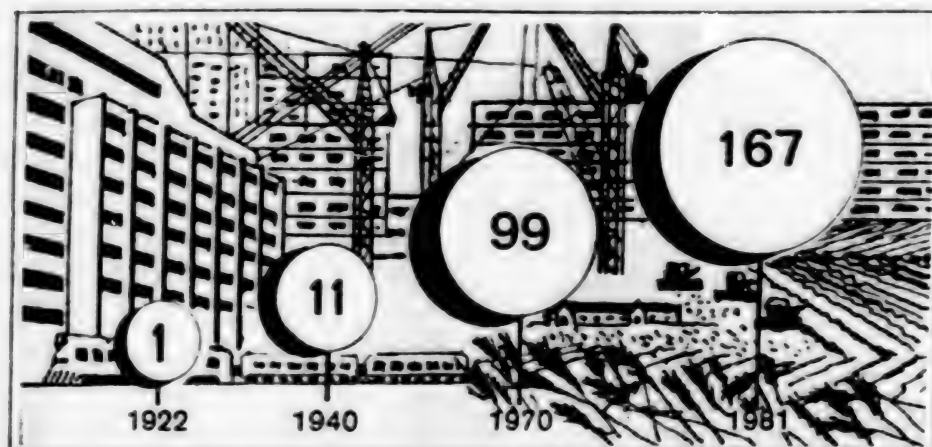
In the life of Soviet society the leading role is played by the working class (according to the 1979 census this is 60 percent of the population). Its national detachments have grown up and this has helped to broaden their influence on the development of the republic economies and has strengthened the social basis for the unity of the nations and nationalities. The most profound changes have occurred in the social make-up, culture and living conditions of the kolkhoz peasantry and the ranks of the intelligentsia have formed and are growing rapidly.

The representatives of all the nations and nationalities of the country take an active part in managing the Soviet state. In the USSR Supreme Soviet there are deputies from 61 nationalities, in the Union republic supreme soviets there are 66, in the autonomous republic supreme soviets there are 52 and in the local soviets over 100 nationalities.

#### Labor--The Basis of Social Wealth

The unstinting labor of the Soviet people has ensured the dynamic economic growth of the nation. A unified national economic complex has been created and is developing successfully. This is based upon powerful production and scientific-technical potential. At present, the USSR possesses a national wealth which has reached 2.9 trillion rubles (not counting the value of land, mineral wealth and forests). Over the years of Soviet power this has risen by more than 30-fold. And this has occurred regardless of the losses suffered by the nation (around 30 percent of national wealth) during the Great Patriotic War.

The growth of national wealth has largely been provided by the enormous construction program carried out in all areas of the USSR. Its scale has been constantly growing. During the Ninth and Tenth Five-Year Plans, more fixed



Growth of USSR National Income (1922 = 1)

capital was put into operation than in all the previous years of Soviet power, taken together. At present, in 1 day 1.5-fold more fixed capital is put into operation than in all of 1922. This capital comprises the most important part of national wealth. By the end of 1981, its total value had reached 1.9 trillion rubles, including 1.2 trillion rubles of productive capital.

In the USSR, the productive capital doubles virtually every 10 years, while around 20 years are needed for the same increase in the United States, 19 years in Great Britain and 16 years in the FRG.

Construction has been carried out on an enormous scale in all the Union republics.

In the Ukraine and Kazakhstan at present, significantly more new fixed capital is being put into operation than was created for the nation as a whole in 1940.

National income is the source for broadening and developing social production, for strengthening the motherland's economic might and increasing the prosperity of the people. In a generalized form it most fully reflects the state's economic development.

The expanding of economic ties between the Union republics has contributed to the increase in social production and national wealth. Thus, according to the data of the intersectorial balance, the material production of Kazakhstan employs products from 96 sectors of other regions of the nation. At the same time, Kazakhstan delivers products for 74 sectors of the economy in other republics. Moldavia receives the products of 93 sectors from 14 republics and in turn sends them the products of 72 sectors. Georgia receives deliveries from 100 sectors of all the Union republics, in receiving products of 82 sectors of the Georgian economy. All the Union republics have reached approximately the same level in the development of the productive forces.

Capital Investments for Union Republics  
(in comparable prices; million rubles)

	1922	1940	1981
USSR	249	6,433	138,818
RSFSR	156	4,326	86,964
Ukraine	51	927	18,970
Belorussia	9	185	4,553
Uzbekistan	7	202	5,914
Kazakhstan	8	260	8,262
Georgia	6	134	1,853
Azerbaijan	6	166	2,232
Lithuania		2	1,743
Moldavia	0.1	9	1,490
Latvia		11	1,379
Kirghizia	2	42	979
Tajikistan	2	45	976
Armenia	1	50	1,225
Turkenistan	1	42	1,317
Estonia		32	814

#### The Scale of the Economy

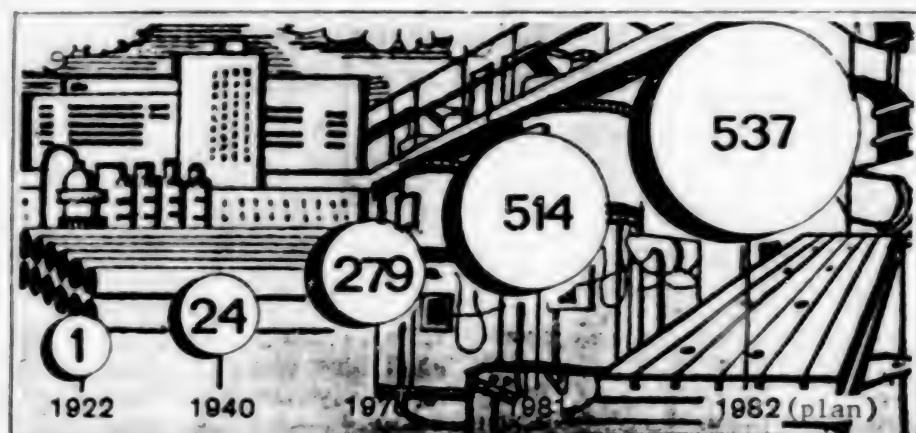
The 60th anniversary of the USSR has been marked by outstanding accomplishments in the socioeconomic development of the world's first socialist state. The creation and rapid progress in modern industry have been a firm basis for its strong headway.

The enormous advantages of a planned socialist economy, mutual aid and fraternal cooperation among all the USSR peoples even during the years of the prewar five-year plans made it possible to carry out the gigantic task of industrializing the nation. In an historically short period of time, the Soviet Union has been turned into one of the most industrialized states of the world. The volume of USSR industrial product has increased continuously and the weight of each percent of increase has grown. Thus, in the Eighth Five-Year Plan (1966-1970), a 1-percent increase was worth 2.3 billion rubles, in the Ninth (1971-1975) 3.5 billion, in the Tenth (1976-1980) 5 billion and in the 11th (1981-1985) it will be already 6.3 billion rubles.

In 1971-1980, the volume of industrial product in the USSR virtually doubled. For doubling its industrial production, Great Britain required 26 years, France and the FRG took 18 and the United States 17. The average annual increase rate of industrial product in the USSR in 1971-1980 was 5.9 percent, while in Great Britain it was 1 percent, in Italy 3.5 percent, in Canada 3.4 percent, in the United States 3.1 percent, in France 2.9 percent and in Japan 4.5 percent.

The production of the means of production (the "A" group) has developed at a particularly rapid rate. Over the 60 years, this has increased by 1,413-fold,

and in comparison with 1940, by 31-fold. Just in the 1970's, the production of the means of production grew as much as in the previous 20 years.



Growth of Industrial Product (1922 = 1)

There has been accelerated development for the sectors which to a significant degree determine technical progress in the national economy, primarily machine building and metalworking. This is the most rapidly growing sector of industry. In virtually every 7-8 years, its production doubles.

Growth Rates for Total Volume of Industrial Product for Union Republics  
(1922 = 1; in the Soviet Baltic republics 1940 = 1)

	1940	1981	1982 (plan)
USSR	24	514	537
RSFSR	25	479	500
Ukraine	19	275	286
Belorussia	23	700	730
Uzbekistan	24	414	432
Kazakhstan	28	904	938
Georgia	17	293	305
Azerbaijan	11	138	145
Lithuania	1	61	63
Moldavia	17	901	969
Latvia	1	46	47
Kirghizia	18	688	712
Tajikistan	46	875	898
Armenia	21	1,007	1,048
Turkmenistan	17	206	209
Estonia	1	50	51

Our plans envisage major measures also to increase the production of consumer goods. In 1982, their output (the "B" group) will grow by 158-fold in comparison with the 1922 level and by 12-fold in comparison with 1940. Over the 1970's, the production of consumer goods almost doubled in comparison with the previous 10 years.

Over the 60 years, industry has developed rapidly in all the Union republics.

#### The Agrarian Sector of the Nation

For building socialism it has been necessary not only to solve the problem of industrializing the nation, but also carry out a revolutionary reorganization in the countryside and to change millions of small peasant farms to large-scale production. This world historical task was successfully carried out.

The most important result of agricultural development has been the fundamental change in its physical plant. This can be seen from the following data:

	1928	1940	1970	1980	1981
Energy capacity, million hp	21.3	47.5	322.1	603.9	632.8
Electric power consumption, bil. kwh	0.035	0.5	38.6	111	114
Available equipment (at year's end), 1,000 units:					
Tractors	27	531	1,977	2,562	2,598
Grain harvesting combines	0.002	182	623	722	741
Trucks	0.7	228	1,136	1,596	1,653

Capital investments into agriculture have increased significantly. Just during the years of the Ninth and Tenth Five-Year Plans, for the entire range of work these exceeded 300 billion rubles and this was 2.3-fold more than over the previous 10 years. Equipment is being delivered widely to the kolkhozes and sovkhozes. Extensive land reclamation and the use of chemistry have been carried out.

There has been a process of the further concentration of agricultural production on a basis of interfarm cooperation and agroindustrial integration. This has opened up a new stage in carrying out the ideas of Lenin's cooperative plan under the conditions of mature socialism.

Gross agricultural product in 1981 rose by 5.2-fold in comparison with 1922, and by 2.4-fold in comparison with the 1940 level. Here its entire increase has come from a rise in labor productivity with a reduction in the number of workers (in comparison with the 1940 level, this has declined by 1.3-fold).

The May Plenum of the CPSU Central Committee (1982) approved the USSR Food Program for the period up to 1990. This program has been worked out in accord with the decisions of the 26th CPSU Congress and has set new guidelines for agricultural development.

Growth Rates for Gross Agricultural Product for Union Republics  
(1922 = 1; in the Soviet Baltic republics and Moldavia 1940 = 1)

	1940	1981
USSR	2.1	5.2
RSFSR	1.8	4.1
Ukraine	2.4	5.0
Belorussia	2.7	5.7
Uzbekistan	2.6	11.8
Kazakhstan	1.7	12.8
Georgia	3.1	13.5
Azerbaijan	2.2	12.3
Lithuania	1	2.0
Moldavia	1	3.3
Latvia	1	1.5
Kirghizia	2.8	10.8
Tajikistan	3.3	14.2
Armenia	1.8	9.7
Turkenistan	2.3	10.7
Estonia	1	1.7

Production of Basic Types of Agricultural Product  
(annual average; million tons)

	1976-1980	1986-1990
Grain	205.0	250-255
Sugar beets	88.7	102-103
Sunflower	5.3	7.2-7.5
Potatoes	82.6	90-92
Vegetables and mellow crops	30.0	37-39
Fruits and berries (without citrus)	9.4	14-15
Grapes	5.6	10-11
Meat (dressed)	14.8	20-20.5
Milk	92.7	104-106
Eggs (billion units)	63.1	78-79

### The Transport System

A major element in the unified national economic complex is the transport network which encompasses all the republics and economic regions of the nation. In 1982, freight turnover for all types of transport will be 6,465 billion ton-kilometers in comparison with 28.2 billion ton-kilometers in 1922 and 494 billion ton-kilometers in 1940. During these years there has been not only a gigantic rise in the shipping volume, but also its structure has changed significantly. Passenger traffic for all types of transport in 1981 reached

927 billion passenger kilometers. In 1922, it was 10.6 billion passenger kilometers and in 1940, 109 billion passenger kilometers.

### The Rise in National Prosperity

Over the last 15 years, when the economic potential of the USSR has grown greatly, there have been greater opportunities for carrying out the tasks posed by the party related to increasing the prosperity of the Soviet people. This has been reflected in the improved economic structure. We must particularly point out the changes in the distribution of national income:

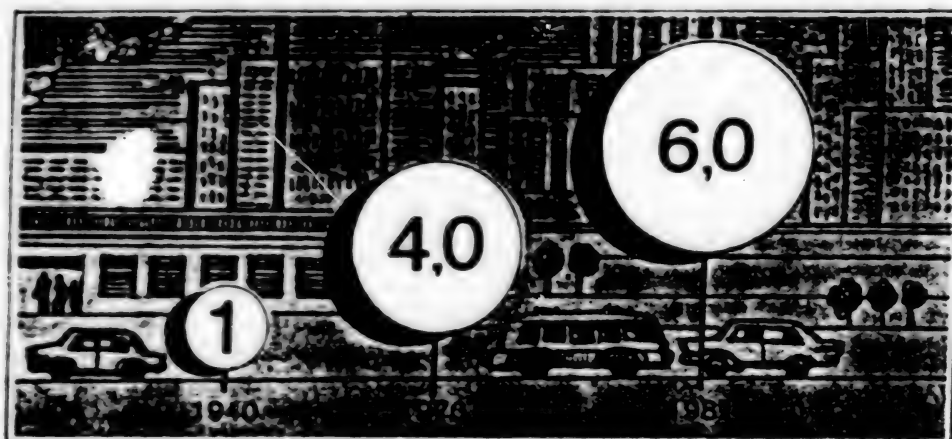
	Five-Year Plans			Tenth Five-Year Plan in % of Five-Year Plans	
	Eighth (1966-1970)	Ninth (1971-1975)	Tenth (1976-1980)	Eighth	Ninth
National income used for consumption (in 1973 comparable prices, billion rubles)	1,230	1,647	2,045	166	124
Including:					
Consumption	887	1,191	1,511	170	127
Accumulation and other expenditures	343	456	534	156	117

The consumption fund has been increasing at a more rapid pace than the accumulation fund. Correspondingly, the share of national income going into consumption has been rising and is three-quarters of national income. A portion of the accumulation fund going for housing and sociocultural construction has also been used to raise the prosperity of the people. Considering this, the national income being used for consumption and nonreproductive construction reached four-fifths of its volume. Just during the years of the Ninth Five-Year Plan this was 1,625 billion rubles or 26 percent more than in the Ninth Five-Year Plan and approximately as much as over the Seventh and Eighth Five-Year Plans taken together.

Developed socialism is characterized by the drawing together of the increase rates for the means of production (the "A" group) and the production of consumer goods (the "B" group). The growth of the nation's economy and its orientation toward the carrying out of diverse tasks in the area of increasing the prosperity of the people have made it possible to significantly raise the material and cultural standard of living of the Soviet people. For example, in 1981, in comparison with the 1940 level, real per capita income has risen by 6-fold and in comparison with 1965 by 2-fold.

There has also been a greater role for the payments and benefits from the public consumption funds and their share in family income has grown. Over the

Tenth Five-Year Plan the public received payments and benefits totaling 527 billion rubles and this was 134 billion more than in the Ninth Five-Year Plan. This also significantly exceeded the volume over the Seventh and Eighth Five-Year Plans, taken together.



Growth of Real Per Capita Income (1940 = 1)

The continuing increase in the income of the population has caused a rapidly growing demand for food products and high quality industrial goods and has brought about progressive changes in the structure of public consumption. Over the last three five-year plans, the consumption of meat and meat products has risen by 41 percent as a per capita average, for milk and dairy products by 25 percent, for eggs by 1.9-fold and for vegetables by 35 percent. The diet of the Soviet person in terms of caloric value corresponds to the physiological standards.

The significant rise in the availability of consumer durables for families also shows the growth of the prosperity of the people. Calculated per 100 families, the number of TV sets in 1981 was 3.7-fold greater than in 1965, for refrigerators the figure was 8-fold and for washing machines 3.3-fold.

In carrying out the task of raising the prosperity of the people, the party has set the following key problems: the elaboration and implementation of the Food Program in order to dependably supply the population with food products; an increase in the production of consumer goods, an improvement in their quality, the broadening of the assortment, the improving of the operation of trade and service enterprises for the public. The retail commodity turnover in state and cooperative trade in 1966-1980 rose by 2.5-fold while the sales volume for consumer services increased by 5-fold.

In the USSR, the housing program is being solved on an enormous scale. Over the last 15 years, housing has been built with a total effective area of 1,591 million m<sup>2</sup> and this exceeds by 1.3-fold all the urban housing of the nation in 1965. The housing conditions have been improved for more than 160 million Soviet people. Virtually every family of new settlers moves into a separate apartment. A range of measures has been carried out to further improve public

health and to develop physical culture and sports. Concern for man permeates the broad environmental protection program.

### Toward the Peaks of Culture

The Soviet people are one of the most educated peoples in the world. Universal secondary education has been provided for the youth and each citizen has a real opportunity to receive a specialized secondary and higher education and to constantly improve his skills. The number of specialized secondary schools has increased from 932 in 1922 to 4,393 in 1981 while the number of higher schools has risen, respectively, from 248 to 891.

In an historically short time, the peoples of the former national borderlands have risen to the peaks of social and cultural development. Prior to the revolution, the literacy rate of the population in Central Asia and Kazakhstan between the ages of 9 and 49 did not exceed 2-8 percent. Here there was not a single institution of higher learning. At present, these republics have 126 VUZes with a student body of 705,000 students. Their proportional amount among the population of these republics is higher than in a number of the developed capitalist nations. For example, Uzbekistan and Kazakhstan for the given indicator exceed such nations as Italy, Canada, the FRG, France and Japan. Universities are found in all the Union and virtually all the autonomous republics.

At the start of 1982, per 1,000 persons employed in the national economy, as a whole for the USSR, 846 persons had a higher and secondary (complete and incomplete) education; for the RSFSR the figure was 842 persons, 854 for the Ukraine, 812 for Belorussia, 888 for Uzbekistan, 848 for Kazakhstan, 887 for Georgia, 867 for Azerbaijan, 771 for Lithuania, 778 for Moldavia, 834 for Latvia, 846 for Kirghizia, 817 for Tajikistan, 800 for Armenia, 867 for Turkmenistan and 833 for Estonia.

An extensive network of all types of libraries has been organized. Mass libraries hold the leading place among them. In 1922, there were 16,600 libraries with book holdings of 47 million copies; at present in the USSR, there are 133,000 such libraries with holdings of 1,189,000,000 copies. The number of club institutions has risen from 12,000 in 1922 up to 38,000 in 1981.

Each Union and autonomous republic has its own professional theaters, the number of which has reached 611 for the nation. In 1922, there were 868 motion picture projection units and now there are 151,000 of them.

Over the years of Soviet power, 3.3 million books and pamphlets have been published in the USSR with a total run of 56 billion copies. Books and pamphlets have been published in 159 languages, including in 89 languages of the Soviet peoples and many peoples received a written language after Great October. The nation publishes 8,172 newspapers and 5,195 journals and other periodicals.

Radio broadcasting covers virtually the entire Soviet population and television covers 87 percent.

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## REGIONAL DEVELOPMENT

### SOCIAL, ECONOMIC DEVELOPMENT OF RSFSR HIGHLIGHTED

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 11, Nov 82 pp 3-13

[Article by N. Zenchenko, deputy chairman of Gosplan RSFSR: "The Social and Economic Development of the RSFSR"]

[Text] Implementing Lenin's ideas on building socialism, the Union republics have scored considerable successes in their economic and social development during the 60 years of the Soviet Union's existence. The Decree of the CPSU Central Committee "On the 60th Anniversary of the Soviet Union's Formation" notes that "the RSFSR, around which all the soviet republics united voluntarily, played the decisive role in the creation of a single Union. Being the first multinational soviet state, the RSFSR served as the model for the Soviet Union."

The 60th anniversary of the Soviet Union's formation is a summary of the path covered, incorporating the historical results of the fraternal relations among the nations of our multinational fatherland. As L. I. Brezhnev emphasized, "This is the triumph of Lenin's nationality policy. And at the same time, this is a good occasion for summarizing the results, and for defining and precisioning the tasks for the future."<sup>1</sup>

#### RSFSR Economy a Part of Unified National Economic Complex

The Russian Federation occupies an important place in the country's political and economic development. Profound structural changes took place in the republic's economy during the years of Soviet rule. Today the industry of the RSFSR produces as much in one day as it did during entire 1922. In comparison with 1922, the gross output of agriculture has increased more than threefold. An immense program of capital construction has been carried out. From 1922 through 1981, about 1.4 trillion rubles was invested in the republic's economy, from all sources of financing.

The successes achieved in economic development are reflected in the republic's production potential. Productive fixed capital increased 15-fold over the pre-war level. Under the 9th and 10th Five-Year Plans alone, it more than doubled. The production potential's growth has made possible a significant increase in the productivity of social labor. Since 1940, it has increased nearly 11-fold.

Industry is the basis of the republic's high rates of economic growth. Practically the entire present industrial potential of the RSFSR was created during the years of building socialism. The question of industry's radical reconstruction and of raising labor productivity on the basis of electrification was

raised immediately after the victory of the Great October Socialist Revolution. In 1920, at the 8th All-Russian Congress of Soviets, Lenin pointed out: "Our victory will be final only when the country will have been electrified, when the technical base of modern large-scale industry will have been provided for industry, agriculture and transport."<sup>2</sup>

Relying on the success of the GOELRO [State Commission for the Electrification of Russia] Plan, the 14th Congress of the All-Union Communist Party (of Bolsheviks) in 1925 announced a policy for the country's industrialization. The workers of all the fraternal republics began to build large-scale industry. A strong industrial base was created on the territory of the RSFSR, and it was used successfully during the years of peaceful construction and in the years of the Great Patriotic War as well.

In 1981, the total output of electricity was 836 billion kilowatt-hours, 1675 times more than in 1922. Huge integrated electric power systems were built, and tens of hydroelectric power stations were placed in operation, among them the largest ones in the world, the Krasnoyarsk GES [Hydroelectric Power Station] and the Bratsk GES. The startup of the first nuclear power plant was in 1954.

In the early 1970's, extensive construction work began on the Gusinoozersk GRES [State Regional Power Station] in the Buryat ASSR, the largest power station in the Trans-Baykal Region. A city of miners and power-industry workers has been built here. The four generating units of the first stage, with a combined generating capacity of 840 MW, were placed in operation one after the other. Power from the Gusinoozersk GRES is fed to industrial plants of the Buryat ASSR, to the Mongolian People's Republic, and into the electric power systems of Irkutsk and Chita Oblasts. Under the 11th Five-Year Plan, two more generating units are to be placed in operation, each with a capacity of 210 MW. This will double the output of electric power.

Work is proceeding on a wide front to develop the petroleum and natural gas resources of Western Siberia. Coal accounts for a growing share of the nation's fuel supply, and special attention is being devoted to increasing the coal output of strip mines in the regions of Siberia and the Far East where a 1.3-fold increase is expected by the end of the 11th Five-Year Plan. The Yakutsk ASSR will be replenishing the country's coal reserves, through the development of the South Yakutsk Coal Basin. Construction of a strip mine and coal processing plant here is planned for completion under the current five-year plan.

The Komi ASSR, where 67.5 million metric tons of liquid fuel was produced under the 10th Five-Year Plan, figures prominently in the development of the petroleum industry in the RSFSR. In terms of the annual increase in petroleum production, this autonomous republic ranks second in the country, after Western Siberia. Petroleum production under the current five-year plan is to increase here by 25 percent.

Ferrous metallurgy is one of the oldest branches of industry in the republic. In the RSFSR there are in operation such large enterprises as the metallurgical combines in Magnitogorsk, Kuznetsk and Nizhniy Tagil, the Western Siberian, Cherepovets and Novolipetsk metallurgical plants, and the Volozhsk and Chelyabinsk pipe plants. The Magnitogorsk Metallurgical Combine alone is producing 3.6 times more steel than all the enterprises of czarist Russia. In the rayons of the

Kursk magnetic anomaly, an industrial complex is being built that will provide 40 percent of the iron ore mined in the RSFSR and will produce high-grade metal.

Radical changes have occurred in nonferrous metallurgy: large enterprises have been built for the production of aluminum, copper, nickel, titanium, magnesium, rare metals, and of semiconductor materials and rolled stock of nonferrous metals and their alloys.

The chemical and petrochemical industries of the republic have been practically rebuilt, developing rapidly during the past decade. The outputs of manufactured fertilizers, sulfuric acid, caustic soda and chemical fibers doubled or trebled during this period. Large-scale measures are being undertaken to increase the output of complex fertilizers and plant protectants. Kapron, nitron, lavsan, various plastics and other materials are being produced that are used extensively in the production of consumer goods. At present the Russian Federation accounts for 47 percent of the manufactured fertilizer and 58 percent of the chemical fibers produced in the USSR.

Of the country's timber stands, 95 percent is on the republic's territory. The timber industry's efficiency is being raised systematically. In comparison with 1965, a cubic meter of processed timber now yields 1.2 times more pulp, 1.6 times more paper, 2.4 times more cardboard, and 2.4 times more furniture.

Machine building is the key branch of industry. On the level of its development depends to a considerable extent the rate of technical progress in the economy. Machine building in the RSFSR is characterized by the rapid growth rates of the production of various types of machinery, and by the design, development and production of ever-better machines, devices and equipment previously unknown in world practice. The production of automatic production lines, universal and numerically controlled machine tools and devices for automatic process control systems has developed rapidly during the 10th Five-Year Plan and is saving labor.

Consistent progress is being made in science and technology within the economy. On the basis of a unified technical policy, the technical retooling of production and the introduction of progressive machinery and technology have been accelerated, which ensures the greater effectiveness and better quality of production and labor. By 1 July 1981, 57,000 enterprises, shops, sections and manufactures were fully mechanized and automated, and 102,000 mechanized flow lines and automated production lines had been installed. In comparison with the situation of 1 July 1971, the number of such enterprises, shops, sections and manufactures nearly doubled, and the number of mechanized and automated production lines increased 1.7-fold.

Consumer goods figure prominently in the output. Under the 9th and 10th Five-Year Plans alone, capital investment in light industry, the food industry, the meat and dairy industries, and local industry of the RSFSR totaled more than 20 billion rubles. Enterprises in heavy industry and machine building are making a substantial contribution toward supplying the population's demand for consumer goods. They account for three-fourths of the durable consumer goods and appliances produced in the republic. This has made it possible to fully supply the population's demand for refrigerators, television sets, radios,

record players, musical instruments, furniture, china and earthenware, enameled utensils, and many other products. However, industry's possibilities to increase the output of a number of products (including products for the population) are not being utilized fully. The enterprises in the RSFSR still have reserves to increase the output of consumer goods and to improve their quality.

The Russian Federations present-day agriculture is characterized by large-scale social and economic changes, and by the technical reequipment of the villages. Especially significant were the changes that took place in agriculture after the March 1965 plenary session of the CPSU Central Committee. Under the 8th, 9th and 10th Five-Year Plans, over 200 billion rubles was spent on the development of this branch of the economy in the RSFSR, four times more than during the preceding 15 years. The productive fixed capital of the kolkhozes and sovkhoses increased fourfold; their power-worker ratio, 3.6-fold. Nearly 9.0 million hectares of irrigated and drained land was made available for farming. Deliveries of manufactured fertilizer increased. Mechanization of heavy physical labor in crop production and livestock production is proceeding at a rapid rate. In accordance with the 20 March 1970 Decree of the CPSU Central Committee "On Measures for the Further Development of Agriculture in the Nonchernozem zone of the RSFSR," an extensive and comprehensive program is being implemented to develop farming in this zone. As a result of the consistent practical implementation of the party's agricultural policy, the average annual gross output of agriculture in the RSFSR increased by 15.6 billion rubles; grain production, 1.5-fold; meat production, 1.5 fold; the milk output, 1.3 fold; and the production of eggs more than doubled. However, we cannot be satisfied with the achieved results. The food problem must be solved: the demand for meat and dairy products is not being fully supplied; in a number of regions there are shortages in the supply of vegetables, fruit and certain other food products.

The resolutions of the May 1982 plenary session of the CPSU Central Committee have set great tasks for the workers of agriculture and of the entire agro-industrial complex. The Food Program of the USSR, which the plenary session approved for the period through 1990, contains tasks for the development of agriculture in the republic. Through the more efficient utilization of land, machinery, fertilizer and other material resources, grain production in the RSFSR is to increase by 25 percent over the 10th Five-Year Plan by 1990; meat production, by 35 percent; and milk production, by 14 percent. The total harvest of vegetables, potatoes, sugar beets and other crops is to increase significantly.

Specific measures for improving the effectiveness of agriculture will be adopted in the Nonchernozem Zone of the RSFSR, in the regions of Siberia and the Far East, in the Central Chernozem Region, Volga Region and the Northern Caucasus. Characteristic of the present plans for the development of agriculture is their comprehensive nature: tasks are set not only for increasing production, but also for increasing the productive capital of the kolkhozes and sovkhoses, irrigation and soil improvement, for developing the processing industries, and for the construction of housing, social and cultural facilities, and services.

All modes of transport and communication were developed considerably during the past 60 years, and they have also been reequipped. Rail transport ranks first within the transportation system of the RSFSR: it handles two-thirds of the total freight traffic. Extensive work has been done to rebuild rail transport and to convert it to electric and diesel traction. Extensive work is underway on the construction of the Baykal-Amur Trunk Line, the second access to the

Pacific Ocean. This will provide the prerequisites for developing the huge territory along this trunk line.

Efforts are underway in all branches of the Russian Federation's economy to improve the effectiveness of production, product quality and labor productivity, and to speed up the practical application of the advances in science and technology. In comparison with the prewar level, labor productivity in industry has increased 7.4-fold. The rise of the productivity of social labor accounted for 80 percent of national income under the preceding five-year plan.

Measures to enforce utmost economy and efficient utilization of material resources are very important from the viewpoint of increasing the effectiveness of production. This is understandable. Industry received daily millions of tons of metal, minerals, agricultural raw materials and fuels for processing. An improvement of one percentage point in their yield means billions of rubles' worth of additional output. The metallurgical workers of Chelyabinsk, Nizhniy Tagil, Cherepovets and Novokuznetsk, and workers in the republic's light industry and other branches have accumulated considerable experience in the economical utilization of raw materials.

All ministries and other central agencies are implementing an extensive program for improving the quality of all types of products, for expanding and renewing the assortment of products, in accordance with the economy's requirements and the population's growing demand. The state emblem of quality has been awarded to 46,000 types of products, including 18,100 products that gained this award in 1981. This work is proceeding the most successfully at enterprises in Moscow, Leningrad, Sverdlovsk and Novosibirsk.

#### Economic Relations Between the RSFSR and the Other Union Republics

The merger of the soviet republics into the USSR multiplied the strength and possibilities of the people of our country to introduce radical social and economic changes, making possible the systematic development and strengthening of economic relations among the Union republics and an improvement in the effectiveness of the territorial division of labor. Mutual assistance and cooperation in the solution of the common tasks confronting the country and each republic are the basis of the economic, scientific and technical relations among the republics. These relations are characterized by the export and import of products, by production cooperation and the development of new types of industrial products, by the distribution of manpower resources among the republics, by the training of cadres and specialists, etc.

An analysis of the dynamics of the RSFSR's relations with the other republics shows that in recent years, together with an increase of the positive net balance of export and import, the RSFSR has been increasing its shipments of petroleum and petroleum products, lumber-industry and engineering products, and manufactured fertilizers to the other republics. At the same time, imports of building materials, cotton and a number of food products into the RSFSR are increasing.

In the division of labor within the Soviet Union, specialization of the RSFSR economy manifests itself in that the republic is supplying the growing demand of the other parts of the country for capital goods and heavy-industry products, and at the same time it obtains from the other republics significant outputs that constitute the consumption fund of the RSFSR. According to the data of

the input-output table, capital goods account for about 70 percent of the RSFSR's export and 60 percent of its import, while consumer goods account for about 30 percent of export and 40 percent of import.

Among the Union republics, the RSFSR's economic relations are the most extensive with the Ukraine, which accounts for about 40 percent of the total volume of deliveries between republics. The UkSSR supplies the RSFSR ferrous metallurgical products, general metal goods, refractories and food products, including about one-third of the sugar consumed in the RSFSR. At the same time the RSFSR ships to the Ukraine about 16 percent of its output in power machine building, of equipment for the food industry, metal-cutting and woodworking machines, and medical equipment.

Economic relations between the RSFSR and the Belorussian SSR are developing intensively. Under the preceding five-year plan, the growth rate of deliveries from the RSFSR to the BSSR was twice higher than the growth rate of deliveries to the other republics. More than one-third of the synthetic rubber and about one-fifth of the bulk chemicals exported from the RSFSR to the other Union republics go to Belorussia. Bearings and medical equipment from the RSFSR account for 70 percent of their total consumption in the republic. In its turn the RSFSR obtains from Belorussia one-third of the chemical, lumber, and pulp-and-paper industry products shipped from the other republics, about 28 percent of the tractors, and approximately 40 percent of the milk and dairy products.

Important are the RSFSR's economic relations with Kazkhstan. The RSFSR obtains from there more than half of its imported coal and two-thirds of the imported ferrous-metal ores.

The vigorous development of the branches of the agro-industrial complex in the economy of the Moldavian SSR has determined the leading role of the winemaking, fruit and vegetable, and tobacco industries in this republic's economic relations with the RSFSR which imports about half of the output of these branches. About 500,000 tons of vegetables and fruit grown in Moldavia find their way to the counters of the stores in the Russian Federation. The RSFSR supplies 50 to 80 percent of Moldavia's demand for food-industry equipment, metal-cutting and woodworking machines, construction and road machinery, motor vehicles, and lumber industry products.

There is extensive exchange of industrial and agricultural products with the republics of the Transcaucasus and Central Asian economic regions, and with the Baltic Region.

The forms of economic, scientific and technical cooperation between the RSFSR and the other republics are diverse. Specifically production cooperation, which is increasing year by year, links every enterprise with hundreds of other enterprises in the fraternal republics. And then there is the constant cooperation in the training of specialist cadres, without whom it would be impossible to imagine the rapid development of new, modern industries in the various regions of the country, the formation of territorial production complexes and the fulfillment of important national economic programs. It is a widely known fact that in recent years workers from many Union republics helped to build the large power stations, the Volga and Kama motor vehicle plants, to develop the petroleum and natural gas resources of Western Siberia, to transform socially and economically the Non-chernozem Zone of the RSFSR, and to construct cities and settlements in the zone of the Baykal-Amur Trunk Line.

It seems expedient to organize a thorough study of these relations and a systematic elaboration of measures to improve their effectiveness, with the help of interregional input-output tables. This would permit the most efficient utilization of the territorial division of labor that has evolved among the Union republics, better planning of importing and exporting the outputs of the various branches of the economy, and a redistribution of manpower resources.

The RSFSR is participating actively in foreign trade, and in the economic, scientific and technical cooperation of the Soviet Union with foreign countries. About 1700 enterprises under various ministries and other central agencies of the RSFSR are producing for export through organizations of the USSR Ministry of Foreign Trade and of the USSR State Committee for Foreign Economic Relations. Such exports include machinery, equipment, petroleum products, clothing and knitwear, plate glass, rolled roofing materials, porcelain and earthenware, fur and pelts, heating furnaces, garage equipment, and other products. About 66 percent of the products for export are shipped to other socialist countries; and 34 percent, to developed capitalist and developing countries.

RSFSR participation is expanding in the solution of important economic, scientific and technical problems, jointly with other countries and with fraternal countries in particular. These include the supply of CEMA countries with fuel and energy resources, iron ore, industrial timber, pulp, asbestos and other products. With credits and manpower from the CEMA countries, several large facilities have been built on the territory of the RSFSR. These include the Kiyembayev Asbestos Combine, and the Ust-Ilimsk Lumber Industry Complex. On the other hand, over 20 ministries and other central agencies of the RSFSR are supplying equipment and materials for plants being built abroad, with the technical cooperation of the USSR.

The RSFSR's role in the social division of labor within the country and in its external economic relations is a significant contribution to the development of the Soviet economy. Such relations will undoubtedly play an ever-greater role in the formation of national economic proportions.

#### Social Development, Improvement of People's Well-Being

The sphere of nonproductive services is developing rapidly within the economic complex of the RSFSR. This is a necessary condition for improving the well-being of the people, for the balanced development of the individual, and for forming the way of life that is characteristic of socialist society. The people's living standard is a many-sided concept that includes the population's real income, the level and structure of consumption, employment, working hours and working conditions, housing and living conditions, health care, education and cultural services, social security, concern for children, etc.

In 1981, real income per worker and employee increased 2.2-fold over 1965, and the pay of kolkhoz members for work in joint farming increased 2.5 times. Real incomes will rise further under the 11th Five-Year Plan, by 16 to 18 percent per capita.

Employment is important among the indicators that determine the standard of living. In the year in which the Soviet Union is celebrating the 60th anniversary it will be appropriate to recall that unemployment was liquidated completely and finally in late 1930. For the first time in history, one of the most

difficult socioeconomic problems was solved within a relatively short time. The average annual number of workers and employees in the RSFSR economy rose from 22.2 million in 1940 to 66.2 million in 1981. The right to work--i.e., to guaranteed employment, with pay commensurate with the quantity and quality of the work performed and not less than the minimum wages set by the government, and including also the right to select one's profession, type of employment and work, in accordance with one's vocation, abilities, professional training and education, and with due consideration for the needs of society--was laid down in the Soviet Constitution (Article 40).

The socialist economic system ensures stable growth of the nation's well-being. Its most important source is national income, a proportion of which is allocated to workers, employees and kolkhoz members, in the form of the consumption fund. If we consider that the population receives, in addition to this fund, also a share of the accumulation fund (in the form of the floorspace added to housing, schools, hospitals, and various cultural and recreational institutions), then nearly four-fifths of national income is spent to improve the population's living standard.

The basic principle of income distribution is remuneration based on the quantity and quality of the work performed. Wages constitute about 70 percent of total personal income, and they also account for the bulk of the increase in personal income: for about three-fourths under the 10th Five-Year Plan and for approximately the same proportion under the current five-year plan. According to the five-year plan, the average monthly pay of workers and employees will increase by 16.4 percent; the incomes of kolkhoz members from joint farming, by 24.2 percent; and payments and services for the population from the social consumption fund, by 21.5 percent.

Characteristic of the 11th Five-Year Plan is the extensive use of effective forms of material incentives, from enterprise funds, to increase the pay of workers, engineers and technicians. These funds are formed by allocating to them certain amounts from the profit, in accordance with the rise of labor productivity, the output of products of high quality (or on the basis of some other indicator of the output's quality in a given branch), and with the fulfillment of planned deliveries according to the concluded contracts (or received orders). In this way the amount of a worker's earnings will depend not only on his own labor productivity, but also on the results of the entire enterprise's activity. It is estimated that in 1981-1985 about two-thirds of the increase in the pay of workers and employees in industry will result from a rise in labor productivity and from the introduced new incentives. In this way it will be possible to strengthen the collective economic incentive, and to better combine the interests of each worker with the interests of the collective and of entire society.

Significant changes have occurred in the system of pay on kolkhozes. A new system of planning and allocating kolkhoz incomes, and monthly guaranteed pay have been introduced, based on the work norms and wage rates for sovkhos workers. The narrowing of the gap between the pay of workers and employees on the one hand, and of kolkoz members on the other, will continue under the 11th Five-Year Plan.

Realistic possibilities for further perfecting the socialist way of life are provided to a large extent by the social consumption funds. Their share of national income is rising constantly. In comparison with the prewar level in 1940, the

total volume of payments and services from the social consumption funds increased 25-fold in the RSFSR and amounted to 507 rubles per capita in 1981.

Under the 11th Five-Year Plan, the social consumption funds will increase by 22 percent, and their 1985 volume will exceed 82 billion rubles. A major proportion of these funds is earmarked for the development of health care and social security, for the education of the younger generation, for improving the training of skilled cadres and specialists with secondary and higher education, and so on.

The program for social development and for raising the population's living standard includes also the further development of culture. The relationship between the economic and the spiritual aspects of society's life will become closer. As L. I. Brezhnev emphasized, "For the changeover to communism it is essential to attain a higher level of development not only in the economy, but in entire society's culture as well."<sup>3</sup>

To promote the balanced development of the individual in accordance with the requirements of modern production, the possibilities are being systematically broadened for further education and cultural advancement. In the 1950's, every person entering the work force had on average 6 years of formal education; in the early 1970's, he had 8 to 8.5 years; but in the future, at least 12.5 to 13 years of education and training will be required. The educational system that has evolved in our country comprises tens and thousands of schools that provide general education, several thousand vocational schools and secondary specialized educational institutions, and hundreds of universities and institutes of higher education. The Soviet educational system efficiently combines the methods of gaining a general education and vocational training, and the training of the necessary cadres for every branch of the economy. It ensures communist education, the intellectual and physical development of the younger generation, preparing them for work and social activity. From 1970 to 1980, gainful employment in the economy of the RSFSR of persons with higher and secondary (complete and incomplete) education increased by 147 per 1000 population, to a total of 803 per 1000 population.

A wide network of facilities for preschool children is an inseparable part of our plans for economic, social and cultural construction. As the first level of public education, day nurseries and kindergartens provide invaluable assistance for the family in the moral upbringing and physical development of young children. The preschool institutions develop in the future first-graders elementary study habits and an interest in learning. There are 8.7 million children enrolled in such institutions.

Under the 11th Five-Year Plan, the RSFSR expects to build day-nursery and kindergarten places for 1.5 million children. Preschool institutions will be built on a large scale, from funds provided by industrial enterprises, kolkhozes and sovkhozes. The ministries and other central agencies, the councils of ministers in the autonomous republics, and the kray and oblast executive committees have been authorized to build facilities for preschool children in 1982-1985, from the funds allotted them for productive and nonproductive investments, provided such construction does not affect fulfillment of the tasks for placing capacities and fixed assets in operation.

The preschool education of children is an important part of the social program. Institutions for children enable millions of mothers to be gainfully employed, to participate in social activity and to raise their cultural level. Women are employed in all spheres of the RSFSR economy. Their proportion is 85 percent in health care and social security, and 78 percent in education and culture.

According to the 11th Five-Year Plan, large-scale measures will be undertaken in the RSFSR to develop higher and secondary specialized education. In 1981-1985, 3.8 million workers with higher or secondary specialized education will be trained for the national economy.

Building an advanced socialist society is inseparably connected with the growing spiritual needs of wide popular masses, with the establishment and maintenance of a culture, national in its form and socialist in its content, for the national groups inhabiting our country, including the Russian Federation. In every autonomous republic, kray and oblast there is a large network of libraries, among which the public libraries are the dominant. The total number of public libraries increased from 56,100 in 1941, to 62,100 in 1982. The number of clubs and museums has increased. In the republic there are 327 professional theatrical companies and a large number of amateur collectives. Soviet culture is proud of the many works by writers, composers, poets, painters, sculptors and architects from the Russian Federation. The huge runs of the published books, magazines and newspapers also are an indication of the RSFSR population's rising cultural level.

Measures to develop housing and municipal services are one of the important factors in improving the people's well-being. Together with other factors, the level of housing and municipal services determines to a large extent the rise of the Soviet people's well-being, and the conditions of their work, way of life and recreation.

The 11th Five-Year Plan calls for placing in operation new housing with a total living space of 300 million square meters, somewhat more than under the 10th Five-Year Plan. This includes, in accordance with the resolutions of the May 1982 plenary session of the CPSU Central Committee, 70 million square meters of housing built in rural areas. By the end of the five-year plan, the average living space per resident will be 14.3 square meters in cities and worker settlements, and 15.1 square meters in villages.

Measures have been proposed to improve the quality of the housing to be built, their architectural design and external finishing, and the layout and equipment of the apartments. But the improvements will not result in higher rent. The level of rent has remained unchanged since 1928. No other country in the world can match this situation. In worker families, for example, the rent does not exceed 3 percent of the family income. What the population pays for housing and municipal services amounts to only one-third of what the state spends for this purpose. The budget of the RSFSR allots annually about 700 million rubles merely for major repairs of the local soviets' housing stock. This clearly reflects an important principle of socialism: Everything for man and his welfare.

An integral part of the social and economic program is the perfection of domestic trade and consumer services. The workers' rising incomes demand that supply

balance more and more completely the population's purchasing power. Higher incomes also mean that the workers' aspirations are rising regarding the quality of services and of domestic trade in particular. By satisfying these aspirations and shortening the time that people spend to obtain goods and services, the workers in these branches are helping in the final outcome to improve the people's well-being and to provide the conditions for interesting recreation, study and the upbringing of children.

The retail turnover in the RSFSR is increasing, and its structure is improving. Under the preceding five-year plan, for example, the retail turnover increased by 23 percent, and within this sales of food products increased by 18 percent, and of nonfoods by 31 percent. The population of the RSFSR is spending more and more on durable consumer goods. Out of every 100 families, 92 have television sets, 93 have radios and record players, 90 have refrigerators, and 77 have washing machines. The 11th Five-Year Plan envisages the further development of domestic trade. In the last year of the five-year plan, 192 billion rubles' worth of various merchandise will be sold, 27.4 percent more than in 1980.

The volume of consumer services will increase 1.4-fold under the 11th Five-Year Plan, including a 1.5-fold increase in rural areas. In recent years, more and more comprehensive receiving points for services are being opened directly at enterprises. Sociologists estimate that workers spend 10 to 15 percent of their leisure time to obtain consumer services. Therefore the opening of a receiving point on plant premises or in the courtyard, in a kolkhoz or sovkhos solves several problems simultaneously: it saves people time, improves their mood enabling them to work better, and they do not lose their leisure time.

Extensive measures are being planned to further expand the network of health-care facilities and to increase the output of new and effective pharmaceutical preparations. The production will start of new types of equipment to mechanize the work of the junior and intermediate medical personnel. By 1985 the number of hospital beds will increase to 138.6 per 10,000 population (as compared with 129.5 beds per 10,000 population in 1980). The standard for doctors (142 doctors per 10,000 population) will be attained by the end of the five-year period.

The system of social insurance and social security will be developed further under the current five-year plan. The state social-insurance budget, from which pensions and benefits are paid to workers and employees, is 15.9 billion rubles for 1982, 17 percent more than in 1980. More than 28.9 million people are receiving pensions and benefits in the RSFSR. No country in the world is allotting as much as the Soviet Union for social insurance. In the RSFSR there are 868 homes for the elderly and the disabled.

Considerable attention is being devoted to organizing the workers' recreation. The construction of sanatoriums, holiday hotels, rest homes and tourist lodges is being expanded. In 1981, 35 million workers and members of their families rested or were treated in these institutions. In summer, about 14 million children and youths vacationed in Pioneer or school camps and tourist lodges or traveled to villages with institutions for children. The 11th Five-Year Plan has a program for the further development of spas, in the course of which special attention will be devoted to the construction of sanatoriums in Siberia and the Far East, to take advantage of the mineral springs there.

During 1981 and 1982, important steps were taken to implement the program of economic and social development that was adopted for the 11th Five-Year Plan. The industrial enterprises, construction sites, kolkhozes and sovkhozes, and the scientific institutions are constantly adopting measures to mobilize all available reserves for the successful fulfillment of the planned tasks.

The workers of the Russian Federation are preparing to celebrate the 60th anniversary of the Soviet Union's formation as an important political event. They are directing all their efforts toward the practical realization of the historical decisions of the 26th CPSU Congress and of the May 1982 plenary session of the CPSU Central Committee, toward fulfilling the tasks of the 1982 plan and of the entire 11th Five-Year Plan.

#### FOOTNOTES

1. L. I. Brezhnev, "Zabotu o lyudyakh truda, zabotu o proizvodstve - v tsentr vnimaniya profsoyuzov" (Concern for the Working People and Production Must Be in the Center of the Trade Unions' Attention), Moscow, Politizdat, 1982, p 16.
2. V. I. Lenin, "Polnoye sobraniye sochineniy" (Complete Works of), Vol 42, p 159.
3. L. I. Brezhnev, "Leninskim kursom" (Along Lenin's Course), Moscow, Politizdat, Vol 2, 1975.

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## REGIONAL DEVELOPMENT

### AGANBEGYAN INTERVIEWED ON SOVIET FAR EASTERN DEVELOPMENT

Moscow MOSCOW NEWS in English No 1, 9-16 Jan 83 p 12

[Interview with Abel Aganbegyan, Valery Chichkanov, and Vladimir Kvint by Alexander Guber, date and place not given]

[Text]

The Far Eastern economic region takes up more than a quarter of the USSR territory or more than four per cent of all the land on earth. It has five time zones; the pole of cold of the Northern Hemisphere; the Pacific coast; such great rivers as the Amur, Lena, Kolyma and Indigirka; volcanoes; geysers; non-ferrous, rare and precious metals; diamonds; carbohydrates; forests; tundra; an ocean of wealth and a sea of problems. An "MN" correspondent interviewed three scientists who recently went on an economic expedition to the Far East: Academician Abel AGANBEGYAN, the scientific head of the expedition; Corresponding Member of the USSR Academy of Sciences Valery CHICHKANOV, his deputy; and Vladimir KVINT, Cand. Sc. (Economics), head of the expedition.

#### KLONDIKE MINUS THE 'GOLD RUSH'

The talk on the expedition's results started with the Klondike, the river in Canada, where the gold discovered late in the last century triggered off the famous "gold rush".

A. Aganbegyan: Gold petered out on the Klondike completely some 20 years ago, but the world won't forget the river's name for a long time as yet. But who abroad has heard about another river — the Kamchatka? It is a modest river, by our standards, six times shorter than the Lena or the Amur, and carries 17 and 10 times less water, respectively, than they do. But if we compare the value of all the gold obtained from the Klondike with the fish caught in the Kamchatka



under Soviet power, then our river would win. And there are still fish in it, although we don't treat it as thriftilly, to put it mildly, as we should — we fell timber and raft it down the river.

V. Chichkanov: No one entertains any doubts as to the colossal opportunities in developing the productive forces of the Far East. The entire problem is how to capitalize on these opportunities to the maximum and with the least expense, and not to damage the environment while doing this.

**A. Aganbegyan:** Science must provide the answer. We need a scientific, long-term, comprehensive programme, substantiated by precise calculations. It must be developed not for a year or five years, but for decades to come. This programme must be closely linked up with the long-term plans for the country's social and economic development and with the regional programmes for the neighbouring areas — Siberia and the Arctic.

**V. Kvint:** Timber is rafted down the Kamchatka not because the people fail to see the damage it does. Wood is needed but there are no roads suitable for timber haulage. Local facilities for obtaining building materials are inadequately developed. The cost of conventional brick here, brought to Chukotka or Kamchatka from the more developed areas, is 5-10 times greater. Still, construction must be done.

### TO CONTROL THE SITUATION RATHER THAN FOLLOW IN ITS WAKE

**A. Aganbegyan:** This particular example shows the dire need for a well-thought-out strategy of development for the region, which would enable us to control the situation and not just be carried away by it.

Essentially, our expedition was preparing the foundations for such a strategy. Taking part in it were a score of researchers in different fields from the Far Eastern Research Centre and the Siberian Department of the USSR Academy of Sciences.

**Correspondent:** A large group of prominent scientists, who are obviously rather busy, spent a month and a half working on the expedition. You spent nearly half that time travelling on the sea. Would it not be simpler to generalize and analyze the results of the research already done on many problems without travelling there altogether?

**A. Aganbegyan:** That would be simpler, of course, from the organizational point of view. But we could never obtain the data we got in the expedition by any other means. We did what you here suggest before we departed. But during the expedition we saw that the data we had had at our disposal was

not only incomplete, but also quite often far from accurate. An economist, a geologist, a sociologist, and an ecologist examine one and the same problem from various points of view and see it differently. And they produce different recommendations that at times cancel each other out. But on the expedition we could discuss at once everything we saw and were told by the local administrators and specialists, and arrive at common conclusions. You cannot learn such things staying at home. The experience of our expedition to Siberia and the Arctic was also of great help, of course.

**V. Kvint:** We were not the first to invent economic expeditions. Russian scientists resorted to them already at the outset of the century. The Academy of Sciences arranged many of them in the 30s and the 50s. The needs of development made us resort to them again. It is not only the comparatively poorly studied regions that need such expeditions. Judging by everything, very soon we shall apply such a research method to one of the oldest industrialized regions in the country—the Don-Dnieper area. It will be radically reconstructed.

**Correspondent:** The economic development strategy is a rather broad concept. It inevitably breaks down into many components. Which ones were the chief ones for you?

**A. Aganbegyan:** The main thing for us was exactly not to lose track of the whole in the maze of particulars. And we strove to deal with the individual problems precisely from this point of view. Here are the main questions we dealt with: the use and reproduction of the ocean's biological resources; the development trends in all fields of the fishing industry (the Far East at present is responsible for two-fifths of all the fishing industry's national output); the development of mineral resources in coastal areas and the ocean shelf; the prospects for the agro-industrial complex; energy problems; the local technological policy; manpower; and environmental protection.

**V. Chichkanov:** Let's take the agro-industrial complex for an illustration. The region stretches from north to south for 4,500 km—from the eternal ice in the Arctic to the jungle-like taiga in Ussuri. The conditions for

agriculture range from the most favourable to ones that are absolutely unacceptable at this time. However, fundamentally, the Far East is capable not only of feeding its own population, which will be rapidly increasing but also the areas adjacent to the Arctic Ocean. We were seeking the most rational ways of achieving this result.

### WHAT ARE THE HINDRANCES?

**A. Aganbegyan:** Industrial output in the Far East has quadrupled in the last two decades. However, if we take the needs of the country and the investments made into it the results could have been better.

**Correspondent:** What, then, hindered it?

**A. Aganbegyan:** Inadequate thought was given to the various industrial and territorial proportions. The approach was not comprehensive enough. But, first of all, it is the imperfection of the building facilities which today cannot secure the region's needs in progressive materials and structures applicable to the local conditions and the lack of roads and machinery to build them.

**V. Kvint:** Beyond that is the scarcity of transport means which can operate without roads; the relative weakness of the social infrastructure; also, of course, the departmental disunity that hasn't been completely overcome yet; and the scarcity of manpower. Roughly, there is one person per square kilometre in the region.

**V. Chichkanov:** That, of course, is a rather serious impediment to the area's progress. But attracting newcomers to the region and providing them with optimum conditions for work and life constitute only one aspect of the problem. The more realistic and promising method is the use of labour-saving technology and processes on a broad scale.

### KAMCHATKA — THE BLACK SEA AND BACK

**Correspondent:** Creating more favourable conditions for work and life means to increase allocations for this purpose, doesn't it?

**A. Aganbegyan:** Naturally. But that isn't all. The Far Easterners, who enjoy quite a lot of fringe benefits, spend their vacations more often on the "continent" as they put it, i.e., in the country's European part, many thousand kilometres away from home. But here is what medical Academician V. Kaznachev, who took part in our expedition, says: "It is not only unnecessary but harmful for many Far Easterners to experience the sharp changes in the climate which this involves. It is far more beneficial for them to rest and get medical treatment nearer to home. And all the necessary natural factors are here, including thermal waters and muds which are no worse at all than the famous Caucasian ones. The question, therefore, arises: maybe it would be better to use the means spent on delivering people from Kamarka to the Black Sea and back, on the development of local health-resort facilities in the Far East itself?"

**Correspondent:** We were talking about labour-saving machinery and processes. Which industry does it involve first of all?

**V. Kvint:** All of them, without exception. This is especially true of the areas where the natural conditions are extremely harsh. Minerals have to be mined where they are found. But if life conditions there are unfavourable, then there should be a minimum number of people working there. There's no reason to develop enterprises there which would be able to

operate in more favourable climatic conditions. Therefore, in these areas people should do only whatever it is absolutely necessary to do there and while doing this, use the technology that calls for the least possible participation by man.

## CHANGES IN PATTERN

**Correspondent:** The economy has now taken a new shape in the Far East: the share of mining, transport, and building industries in the area's economy is higher than the nationwide average. Do you think this should be so?

**A. Aganbegyan:** This ratio is natural for today. However, it is already different for the Maritime Territory, Khabarovsk, Komsomolsk-on-Amur and some other more developed areas in the Far East. The latest manufacturing industries are now developing there. In the future they will be developing in other places as well. The Baikal-Amur Railway (BAM), a considerable part of which passes through the Far East, is already giving and will go on giving an impetus to the development of the region. BAM will be completed in this five-year plan period.

**V. Chichkanov:** Prior to the construction of BAM, the Yakut Autonomous Republic could be included into the Far Eastern economic region only very conditionally, because there were no stable transport links between Yakutia and, let's say, the Maritime or the Khabarovsk territo-

ries. Aviation was the main transport means. Putting BAM into operation will help solve this problem.

## EXPENDITURES AND RESULTS

**Correspondent:** How interested is the entire country in the accelerated development of the Far East, where literally each and every step calls for heavier spending than in other regions?

**A. Aganbegyan:** In order to answer this question, the spending must be compared to the use obtained with its help. When work is organized intelligently (which is exactly what our research is aimed at), the use for the entire country can be quite considerable, much more than it is today, and which would make a return on all the investments many times over. As for the biological resources of the ocean, non-ferrous metals, and resources of geothermal energy, the opportunities offered by the Far East are simply unique. They must be put to fuller use.

**V. Kvint:** As I see it, we should put agricultural land and timber resources into the same category. In, for example, the Amur Region and some areas of the Khabarovsk Territory, which very well could become the most important source for our country's raising soya beans and other valuable crops.

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